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CAB 163/41

File Number 82/219/3 Pt 1 (See Pt 2)

Previous Reference

For Cross References see inside of Cover

Date of Registration

16 NOV 1965

451

Joint Intelligence Committee

AFRICA

RHODESIA.

W.A. Working Group on Intelligence.

Referred to	Date	Referred to	Date	Referred to	Date

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- 59 - 716 n2/66
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First Review 82/219/3

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Signature H.W.O. Smith JIC

Date 17 Feb 1972

Notes

1. Where the file has only short-term usefulness (ie extending to at most five years) it should be marked at (a) for destruction at a pre-determined time when it is judged likely to have ceased to be of any further use to the Department.

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JIC 80/66

COPY NO. 188

19 Jan 66

CABINET

219/3

JOINT INTELLIGENCE COMMITTEE

REACTIONS OF RHODESIAN FIRMS TO SANCTIONS

Note by the Rhodesia Intelligence Working Group
(Previous reference: JIC(R)66 5)

The Note at Annex has been prepared by the Directorate of Economic Intelligence in consultation with CRO and in accordance with Misc 100/C(66) 7th meeting item 11 and JIC(R)(66)5. Following later instructions it has not been shown to CBI nor have their views been asked.

2. Information on this subject is of necessity fragmentary and inderterminate. Consequently it has not been able to form any firm conclusions, but the following impressions emerge:-

(a) before IDI the majority of senior businessmen in Rhodesia were against such action;

(b) but after the declaration and up till Christmas large numbers of them appear to have concluded that they had no alternative but to accept it and to take such steps as they could to maintain their business activities even in the face of sanctions;

(c) behind this attitude there was also a clear realisation of the powers of requisition and direction which the regime had assumed and, in the case of the oil refinery had exercised;

(d) since Christmas a growing awareness of the severity of the sanctions applied and the effects of the oil embargo has spread among the business community;

(e) there is in consequence some evidence of a growing pessimism, but none to suggest that they will not continue to keep their businesses going on as large a scale as possible, even at some short-term cost, and so mitigate the effects of sanctions where they can;

(f) the business community were acutely aware that no proper planning had been done by the illegal regime.

(g) Mr. Divett, President of the Association of Rhodesian Industries, is about to seek the current views of its members on the outlook for industry. It is believed that the report will give a disturbing picture and then he, Divett, will then urge upon Smith the necessity of re-opening negotiations with Her Majesty's Government.

(Signed) G.W.W. WADDINGTON

for Secretary
Joint Intelligence Committee

Cabinet Office, S.W.1.

19th January, 1966.

DISTRIBUTION

Economic assessment (less overseas recipients)
CIA
Canadians
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Annex to JIC 80/66

REACTIONS OF RHODESIAN FIRMS TO SANCTIONS

There are in Rhodesia about 1,100 manufacturing enterprises, 220 mining enterprises, and 6,400 European farms.

2. Rhodesian industry and commerce was in general thought to be opposed to IDI. This has not prevented the individual firms, and their representative associations, from taking such steps as they can to safeguard their normal business operations and minimise the effects of sanctions on their profits and employees. A further incentive to take this line is provided by the Rhodesian Emergency Powers regulations. Promulgated on 7th December, these deem finance, industry and commerce to be essential services, and give the regime the power to assume direct control over any business if necessary.

3. Since sanctions have not yet affected deeply business life as a whole, much of the evidence of business firms' reactions relates to statements about future plans.

Commerce

4. This sector is expected to feel the force of sanctions first and hardest, and the reaction of the Associated Chambers of Commerce of Rhodesia (ACCOR) is perhaps the best guide to opinion and planning in this sector. After IDI, ACCOR recommended to its members that they should support the Smith regime despite previous opposition. On 30th December ACCOR announced the establishment of a national advisory scheme to help employers hit by sanctions: four advisory panels have been set up in Bulawayo, Salisbury, Gwelo and Umtali to guide employers in such things as diversifying activities, substituting local goods for imports, pooling imports and amalgamating, and in efforts to mitigate the effect of sanctions by general pay reductions, placing of staff with government service schemes, sending staff on leave and advising on the dismissal of non bread winners.

Industry

5. Rhodesian manufacturing industry has been affected to date more by the end of Commonwealth preference in the Zambian market than by the general export sanctions. The reactions of the firms concerned has been to lay off African labour and reduce the working week. Dunlops one of the largest factories in Rhodesia have cut production by 25 per cent, employees have been put on a 4 day week, and have forecast a 40 percent cut in output by the end of February. They are thus proceeding by short-term working rather than dismissals. Other firms, including BMC and Fords, have laid off labour

(35 per cent - 40 per cent) in preference to short-time working, and this policy is now affecting European as well as African labour.

6. Individual expressions of opinion by businessmen vary from very pessimistic to very optimistic; in both cases, however, the reaction so far as their activities are concerned seems to be to carry on, with varying degrees of enthusiasm, as normally as possible. The managing director of the BMC Umtali assembly unit said early in December that staff would be kept in employment as long as possible; the Chairman of the Grain Marketing Board at the same time expressed determination to fight through. No doubt less committed businessmen exist and some have mentioned the possibility of mediation through industrial channels by a figure such as Lord Chandos but the general impression gathered before Christmas supported the view of a Bulawayo bank manager - "Up to the last minute before IDI 90 per cent of my business acquaintances were of the opinion that IDI should not be taken. Nearly all are now agreed that it is essential to support the Smith regime for the sake of national unity".

7. Since Christmas then, Rhodesians appear to have become more impressed with the severity of sanctions and the oil ban has been introduced. The President of the Association of Rhodesian Industries (ARNI) is reported to have noticed a marked change among a number of influential people hitherto supporters of IDI, and to have quoted the Chairman of David Whiteheads the largest textile peace-good firm) at Gatooma as stating that the position would be near collapse by the end of February. On the other hand Mr. Cuppen, Chairman of a number of firms including Rhodesia Oxygen, thinks it unlikely that the breakdown will come before April. ARNI are apparently producing a review of the industrial members' outlook which would present, the President felt, a disturbing picture; he would then urge Smith to reopen talks with Her Majesty's Government.

British Subsidiaries

8. It is not possible to assess the specific reactions of firms with British connections. About 150-200 British firms have subsidiaries in Rhodesia, involving a total investment estimated at £40m to £50 m and possibly much higher. Amongst such firms are the tobacco companies, Imperials and Gallahers. These are not going to pack or process any tobacco unless requistioned by the Rhodesian government, but their position is unique because of the British ban on tobacco. Others in the tobacco industry, including the sales manager of Salzman Tobacco Enterprises, are attempting to evade the effect of sanctions

by negotiating sales where possible - the Bloc, Spain and Portugal are mentioned. Of other major British interests BMC, Fords and Dunlops have been dealt with earlier; AEI appear to be trying to carry on as usual. Turner and Newall's head office in London have severed links with their Rhodesian Subsidiary, but we believe it is continuing to function as normally as possible. We have no information regarding such important investors as British Paints, Birmingham Small Arms, Fisons, Metal Box, ICI and Tate and Lyle. They are assumed to be continuing operations as normally as possible.

Other Sectors

9. In the mining sector, several firms with British and American connections were reported in December to be proceeding with earlier arranged expansion plans, including the chrome and asbestos companies. It is not known whether these plans have since been postponed.

10. In the agricultural sector, the reaction has been to preserve staff as far as possible and reduce wages rather than lay off staff; some European farm managers and assistants, however, might be dismissed, and some have been given provisional notice. The general impression is of a determination to reduce the effect of sanctions when and where possible in this sector.

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BRITISH HIGH COMMISSION,

LUSAKA

Brazendale had a conversation on 6 January with Divett the President of the Association of Rhodesian Industry.

2. Divett said there were no very obvious cracks on the economic front though some unemployment was developing. The unemployment situation is masked by the fact that from mid-December to mid-January significant numbers of African workpeople go home to the kraals to cultivate their land and unemployment will begin to show up when the time comes for them to return. He believes it may look fairly serious by about the end of February. The making up trade is beginning to experience some shortage of cloth, the B.M.C. and Ford assembly plants are working at a reduced rate, but as yet he would not say there was an overall significant reduction in output.

3. Divett confirmed that considerable disarray is developing within the administration in the form of a proliferation of committees aimed at finding export outlets with an astonishing lack of co-ordination with existing machinery. The new Minister of Commerce and Industry, Musset, is simply not up to the job, and a roving overseas trade ambassador (Divett's description), Dessel, a person of no standing at all, has been appointed without reference to Maltas who is in Charge of the Export Council. Another group has been set up under the Chairmanship of Rushmere, Deputy Secretary Commerce Ministry, also charged with Export Development and a Council for the orderly marketing of tobacco without, when it first met, representation from TEPCOR. One of the main objectives of these various bodies is to find ways and means of developing barter trade specially for tobacco. Graylin the Chairman of TEPCOR has just returned from a 14-day trip to South Africa horrified at the unhelpful attitude there towards the tobacco industry in Rhodesia.

4. Imports of necessary requirements for industry are feeling the strain of foreign exchange shortages; not more than one third of individual allocations as endorsed on export licences may be committed during the first month of the first quarter, and no more than a further one third during the final two months. Divett feels it may not be possible to organise supplies properly on this basis. In any case it postulates a cut in exchange availability from £85 m. p.a. to £57 m.

5. Divett was with the Governor and Beadle at Government House last night when Beadle urged him to exert every possible influence to persuade Smith that talks have simply got to be re-opened with Britain quickly. He assured Divett that an approach would not be rebuffed by our Prime Minister. Divett's association is about to carry out a detailed review of its members, i.e. of Rhodesian Industry and place the situation this reveals before Smith. He believes it will be a disturbing picture and will couple this with strong recommendations that

/talks

talks be re-opened without delay. There will be no publicity for this paper. He says Neville Bertram, Chairman of Whiteheads at Gatooma and Managing Director of Total Oil in Rhodesia and an ex-Permanent Secretary of Commerce Ministry, believes the position will be very near a collapse in 6 weeks' time. Divett has noticed a marked change among a number of influential people who have hitherto been supporters of the U.D.I.

6. Divett mentioned the serious food situation which is developing in Rhodesia. He said the reserves are already short of food and a severe famine is in prospect due to the persisting drought.

7. Brazendale has heard that two Greek tankers are bound for Beira; the information is very vague but perhaps worth investigating.

8. Brazendale feels it would be most useful to bring assembly at the B.M.C. and Ford plants to an end if we possibly can, and above all to block any possible flow of jute goods to Rhodesia via Mozambique which would so greatly dismay the farming community.

Distribution:

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Mr. W.H.J. Richardson (" " ")
Mr. C.R. Walker (Board of Trade)

Note: Copies have already gone to Mr. Walsh Atkins, Mr. Clinton Thomas } C.R.O.
Mr. Rawlinson (Treasury)

COPY

DEPARTMENT OF ECONOMIC AFFAIRS,
Storey's Gate,
London, S.W. 1.

9 December, 1965

The First Secretary thought that the Prime Minister will be interested to see the attached copy of a letter and enclosure which he has received from Mr. Kenneth Keith.

I am also sending copies to the Private Secretary to the Chancellor of the Exchequer, Lord President of the Council, The Lord Chancellor, Secretary of State for Foreign Affairs, Secretary of State for Defence, Secretary of State for Commonwealth Relations, The Attorney-General, and the President of the Board of Trade.

(J.L. Clark)

O. Wright, Esq.,
Private Secretary to the Prime Minister,
10, Downing Street,
S.W. 1.

Distribution:

Mr. Walsh Atkins

COPY

HILL, SAMUEL & CO. LIMITED
NATIONAL 8011
100 Wood Street,
London, E.C. 2.

7th December, 1965

My dear George,

I enclose herewith a memorandum which was attached to a letter I have just received from Michael Menzies, who runs our subsidiary company in Johannesburg.

Menzies is an Englishman who has lived in Johannesburg for some fifteen years and has managed our operations in Southern Africa with considerable ability.

He could not be described as a liberal! I think, therefore, that you and some of your colleagues might be interested in what he says about the Rhodesian situation. In his letter to me he says: "You might be interested to read a few thoughts which I put down on paper in the aeroplane on the way home".

Yours,

(Signed) KENNETH

The Rt. Hon. George Brown, M.P.,
Storey's Gate,
S.W. 1.

COPY

M E M O R A N D U M

This week I attended a Board Meeting of African Distillers, partly because I had not attended one for some time, but mainly to inform myself on conditions in Rhodesia prior to the Board Meeting of the Merchant Bank which I am due to attend next week, on 9th December.

It is always difficult to assess a complex situation such as Rhodesia, in a day and a half, and in order to attempt this I had made appointments with a limited number of people but chosen, because of their positions, as those most likely to hold balanced and responsible views. My appointment with Sir Humphrey Gibbs was made more complicated by the fact that Mr. Snith has cut off his telephone, (I am assured that the account has been paid), and necessitated an informal call.

The views I heard were all pessimistic but this might have been caused by the nature of my informants as there is no doubt that a spirit of optimism exists amongst most white residents, but this seems to be largely based on Smith's Government propaganda, brain washing and ill-informed optimism.

My overall impression is that U.D.I. is a dishonest, ill-conceived tragedy which cannot possibly succeed.

The success or failure of U.D.I. rests entirely on the economic strength of Rhodesia in the face of world sanctions, the character of which has still to emerge. The economics of Rhodesia depend to such a great degree on the sale of their tobacco crop that the problem can almost be narrowed down to this one factor. The '65/'66 crop has been fully sewn and the harvest is expected to be above average - sales should start in Feb./March and in my opinion the fate of U.D.I. will emerge in May/June.

Meanwhile, unemployment amongst both Europeans and non-Europeans has already started after three weeks of U.D.I. This problem will be marked in the first quarter of 1966 and will increase thereafter. During my short stay I became aware of four medium sized firms who intended to either close down or shrink to a caretaker basis and dismiss all, or the bulk, of

/their

their employees. These firms were all connected with Imports, where the drastic reductions make it impossible for them to carry on.

A credit squeeze has been started with the novel approach of reducing the statutory deposits required by the Central Bank of the commercial banks. However, drastic action is being taken to curtail all forms of luxury and consumer goods spending.

As a result of this, and as a result of Government price increases of certain basic commodities, notably sugar, the cost of living is already rising and this trend will continue at an increased tempo.

One wonders why, when the Rhodesians could have got almost everything they wanted for the foreseeable future by constitutional means, and why when Wilson had given assurance on all Mr. Smith's requirements on the proposed Royal Commission, the path of U.D.I. with all its dangerous consequences was chosen. One comes to the conclusion that the average man has been misled by some unscrupulous, irresponsible, power-loving politicians - only a small proportion of these appear to have the ability to lead even a small troop of boy scouts - the public have been led to believe that his choice was U.D.I. or imminent black Government and in this belief their support has been given to Premier Smith.

The question is how long will this support continue and what can happen when it is withdrawn. My view is that as and when a failure, or comparative failure, to sell the tobacco crop becomes evident, and even if the Government itself purchases the crop with newly printed notes, this realisation, coupled with rising unemployment, costs, added tightening of belts, continuous sabotage and rioting, will cause the Rhodesians to think again in spite of continuing censorship and brain washing. Whether such rethinking can lead to a change of approach and Government, remains to be seen. At present Smith appears to be entrenched for his full period of three years*, but under these conditions I would envisage there could well be a split in his ranks.

/If

* in fact 5 years, 1965-70

If a new approach becomes apparent and possible, and can mature before too much damage is done from a racial point of view, the future could indeed be bright. If a new approach emerges I would anticipate this during the last six months of 1966; if, on the other hand, the Rhodesians are prepared to suffer a state of gradual attrition in the belief in the ultimate economic survival of U.D.I., and this I would not expect them to, then the future is bleak.

If my guesses are correct and a new approach emerges in say June next year, the future of Rhodesia will be bright because this would entail a new look at black/white relations.

Rhodesia is almost the ideal state for an attempt to be made for black and white to live and prosper together. The Rhodesian African is a malleable (though backward), friendly African and excellent relations exist between him and the white man. He knows that he needs the 230,000 or so whites so that he can prosper and so that the peace can be kept between the two main tribes who could never work together and who comprise the bulk of the 6 to 7 million* black population.

If the new approach is acceptable to the other emergent states of Africa the doors would be open for Rhodesia, by far the most industrialised country in Central Africa, to trade with neighbours whose population probably exceeds 80,000 million people. If a harmonious integrated state is built up and is seen to prosper, its good influence might well spread to the black nationalists to the north, and the white nationalists to the south.

In my view Rhodesia is a good gamble and the entrepreneur with good nerves might even consider investing there during the next few months. He might even consider buying a good tobacco farm which, even now, can be bought at a knock-down price.

2nd December, 1965

MM/PJA

* in fact 4 million

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(69)

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JIC 47/66

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JOINT INTELLIGENCE COMMITTEE

INFORMATION FROM STATISTICIAN FORMERLY IN RHODESIA

Note by the Rhodesian Intelligence Working Group

The attached revised memorandum (Annexes A and B) about their discussions with a statistician until recently employed by the Rhodesian regime has been prepared by DEA and DEI and is circulated for information and record.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

12th January, 1966

DISTRIBUTION

Economic Assessment (less Overseas recipients)
H.M. Embassy, Cape Town
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Annex 'A' to JIC 47/66

THE RHODESIAN BALANCE OF PAYMENTS

Attached is a self-explanatory table, compiled for us by a statistician until recently in Rhodesia, of the 1966 balance of payments forecast for Rhodesia, as seen from Salisbury. We believe that his figures are reliable but have the following comments:-

(a) Our estimates of total Rhodesian exports for 1966 and of the effect of sanctions on invisible payments (JIC/1053/65), differ considerably from the Rhodesians; however, if we deduct from the Rhodesians' estimate of their exports a further £15 million representing additional unused tobacco (i.e. assuming sales of about £5 million), import capacity is reduced to about £75 million, which is close to our figure. At this level they are, on our earlier estimates, having to cut into essential imports.

(b) The level of Rhodesian exports assumed in (a) above would assume total coverage of sanctions of about £65 million /i.e. a reduction from £160 million to £95 million/. Even this number may be too low. Our present estimate is that sanctions cover just over £50 million of trade, at 1964 trade levels. 1965 trade levels, and the total levels assumed for 1966 before calculating the effect of sanctions, are however about 33% higher at £160 million. The quantitative coverage of sanctions needs therefore to be increased. We hope to do this item by item, but a reasonable first approximation is obtained simply by scaling up the coverage of our sanctions by 33%, which would bring them to about £67 million. Since the coverage is however being extended all the time the final figure may be much higher. If this happens the Rhodesians will presumably be forced below their figure of £75 million.

Import Licensing

Source tells us that the Rhodesians are working on imports of £90 million a year, and allocated in November £30 million for the first four-month period ending about 31st March. This sum is being divided roughly equally between the Government, the Association of Rhodesian Industries, and the Associated Chambers of Commerce of Rhodesia (£10 million each). We have three comments on this:-

(i) The sum allocated for this four-month period is about 25% higher than our estimate of the rate of reduction required over a full year, and perhaps as much as 50%, or £10 million, too high bearing in mind that the period involved is a bad one seasonably.

(ii) It is possible that the intensification of sanctions since November will cause Rhodesia to lengthen the period to which the £30 million allocation refers.

(iii) Although priority is being given to export earners, the basis of allocation - the large share being given to ACCOR and the Government - leads to the conclusion that industry may not be able to obtain enough for its essential requirements. The system of import-licensing may not be being used in the most efficient way if one wishes to prevent unemployment in industry.

Export	coal surcharge	119.0	- Including an estimate of £20 million for tobacco (sold at a loss of £16 million to the industry); which seems far too high. 1965 exports were running at a rate of £160 million before UDI.
Internal freight		3.0	
		122.0	
less Wankie coal		10.0	
		112.0	

CHANGES ON 1964 BALANCE OF PAYMENTS

Services (excluding freight):	
Fares	+ 1.0
Other transport	+ 1.0
Foreign travel	+ 5.0
Government	- 0.7
Other services	- 0.4
Total excluding freight	+ 5.9
Income	
Government	+ 3.0
Public Authorities	- 0.8
Corporate	+ 3.2
Personal	- 0.7
Total	+ 4.7
Transfers	
Personal	+ 1.0
Government	- 1.7
Migrants funds	+ 2.5
Other	- 1.3
	+ 0.5
Total invisibles change	= +11.1
1964 invisibles excluding freight	= -16.9
less above improvement	= 11.1
1966 unfavourable balance invisibles	= - 5.8
Exports less invisibles excluding freight	= 106.2

less freight 12.5, less capital 0.3 = 90 million for imports.

Capital Account	Used Inflow	Outflow	Revised Net Outflow
Government net	-	1.8	- 0.4
Public authorities net	5.4	-	
Corporate	-	2.4	
Personal	-	0.5	
Open market investments	-	-	
Other		1.0	
Total		0.3	

(68b)

Treasury Chambers
Great George Street, London S.W.1
Telephone: Whitehall 1234, *ext.*

Our reference:
Your reference:

13th January, 1966

219/3.

Dear Mr. Foster,

Here is our reply to Question 12 in the further American questionnaire:-

Answer: The Rhodesian official reserves fell from £30.5m. at the end of June to £21.6m. on 3rd December when publication of this information was discontinued. They include £3.6m. in gold, now believed to be in Rhodesia. Of the foreign exchange held outside London, the bulk is not available for use, the accounts having been frozen in consequence of the replacement of the Board of the Reserve Bank of Rhodesia.

This fall in official reserves could be mitigated by mobilising non-official holdings of foreign exchange and securities, of which the illegal regime is compiling a register. Private holdings of securities are believed to be substantial. Any credit extended by other countries, e.g. South Africa, to finance imports to Rhodesia of these goods would also off-set the fall in reserves.

In the virtual absence of useable official reserves, and except for any credit trade Rhodesia will have to limit her imports to the level of her much reduced foreign exchange earnings and any non-official holdings which she might be able to mobilise. We understand that the regime based their import control on an expectation of £70m./80m. being available in a full year. They are likely to have to revise this downward with the tightening of sanctions, and particularly if exports to Zambia fall.

Yours sincerely,

(J. A. M. Oliver)

P.S. I am sending a copy to Mr Ryan at the Bank.

J. P. Foster, Esq.,
Cabinet Office,
Whitehall,
LONDON, S.W.1.

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JIC 54/66 COPY NO. 55

CABINET

JOINT INTELLIGENCE COMMITTEE

RHODESIA: FACTORS AFFECTING THE STABILITY AND INSTABILITY OF THE SMITH REGIME
(Previous Reference: JIC 14/66)

The following reply to United States State Department Questionnaire of 10th January 1966 was prepared by the Rhodesia Intelligence Worksing Group on 12th January.

Question 1

"What is the significance of the evident advancement of Lord Graham and Rudland in the recent Cabinet reshuffle. Is it a sign of strength of the "cowboys"? If so, why has Smith refrained from naming a Deputy PM?"

Answer:

This is a matter for surmise. But Lord Graham had a poor reputation as Minister of Agriculture, and criticism has probably increased since IDI over the inadequacy of preparations against sanctions. Mr. Smith may feel that by giving him the portfolios of External Affairs and Defence he will be giving him less onerous responsibilities and less opportunity in present circumstances to embarrass the regime. As for Mr. Rudland, he has added Agriculture to his existing portfolio of Transport and Power, but lost the important portfolio of Commerce and Industry. This would seem to be a sideways move, not representing advancement within the Cabinet.

It seems reasonable to suppose that Mr. Smith has deferred naming a Deputy Prime Minister because no one Minister has yet emerged in the present situation who commands both the confidence of Mr. Smith himself and also the support of the majority of the Party caucus. At one time, Mr. Harper would have seemed the most likely candidate; but reports suggest that he has over recent months lost some support within the Party. It is perhaps worth mentioning that, after Mr. Smith originally took over the premiership in April, 1964, it was some time before he appointed a Deputy.

Question 2

"Do British consider Harper to be a valid alternative to Smith? If so, what lies behind his ostensible conversion from "diehard" to (relative) "moderate"?"

Answer:

It is not clear what is meant by a "valid alternative". If it means simply a possible successor to Mr. Smith, the question is best answered by reference to paragraph 2 above. If, on the other hand, it means someone with whom the British Government would be likely to find themselves able

SECRET

to deal, the answer is that this is most unlikely. It may be that Mr. Harper in the end had his doubts about the wisdom either of IDI itself, or its timing; but it is difficult to believe that this particular leopard can change its spots, and that Mr. Harper is not still at heart a Right-Wing diehard.

Question 3

"Does the UPP have any real prospects, e.g. as a "third force"? How much political strength could it command with Dr. Palley? Are rumours of a UPP split accurate?"

Answer:

The Opposition United People's Party (UPP) and its representatives in Parliament have never enjoyed any significant degree of African support. Without such support and without higher calibre in its leadership, it is difficult to conceive of it becoming a force in Rhodesian politics - even should Dr. Palley join them, which does not seem to be in prospect.

We have not so far heard of rumours of a UPP split as such. On the other hand, we understand that the four African MPs who remained in the Legislative Assembly when their nine colleagues walked out on 25th November, were subsequently suspended from the Party. Also possibly relevant is an unconfirmed report that Mr. Gondo may possibly be replaced as leader of the party.

Question 4

"Are there prospects for ZAPU support of UPP or of other officially-recognised opposition leaders?"

Answer:

The African nationalists have always in public taken the line that they can have no truck with Africans who have 'collaborated' with the 1961 Constitution, and particularly those who have entered Parliament. On the other hand, it is believed that at least some of the UPP MPs have endeavoured to keep lines open to the nationalists. There may, therefore, have been some private consultation which may in turn have influenced UPP policy. It seems certain, however, that ZAPU would never come out openly in support of the UPP or other 'constitutional' opposition leaders.

Question 5

"How does JIC assess tendencies towards white emigration from SR? Which categories will be inclined to leave earliest, and when will the statistics begin to reveal net loss of white population?"

Answer:

The effect of our various measures will not become fully evident until about February so that no worthwhile assessment can yet be made, though we estimate that over 5 per cent of the white labour force, perhaps 4,000 - 5,000 people, will be facing unemployment. Assuming sensible rationing of oil products in Rhodesia, the heaviest impact of sanctions is likely to be on commerce, and, if so, it will be in the smallest concerns that it will be most heavily felt. Limitations on Capital outflow will, however, be a substantial brake on emigration.

It would be unrealistic to expect further statistics from Salisbury and emigration trends will have to be gauged from other sources.

Question 6

"Are any significant constitutional questions about to be raised in the courts? If so, what will be the position of the justices and how will regime react if the 1965 "Constitution" is declared invalid?"

Answer:

The Chief Justice, Sir Hugh Beadle, is known to be anxious to discourage, at least for the time being, any confrontation of the courts with constitutional issues; and this probably also suits the Smith regime. Such issues are in any case unlikely to arise before the resumption of Parliament in February.

However, a monthly journal, "The Central African Examiner" is bringing a case to the courts which in effect challenges the legality of censorship in Rhodesia. As and when the case is heard and judgment is given, a crisis could well arise over the position of the judges. It is possible that, in the event of the case going against the Government, Mr. Smith might attempt to get the judges to swear an oath under the 1965 'Constitution'. This, we believe, they would all refuse to do. (We understand that there is also some possibility of the legality of a post-UDI detention or restriction order being challenged in the courts).

Question 7

"Are there any further important security measures impending?"

Answer:

No.

Question 8

"Are there any significant developments in mobilisation and equipping of SR military? Any indications of unusual South African assistance to SR forces? Indications of indiscipline among African troops in SR forces?"

Answer:

No.

Question 9

"African nationalist activities: Any change in level of insurgency and sabotage observed or impending? Any further pressures toward government in exile?"

Answer:

The general security situation remains quiet. There have been only isolated incidents in the urban areas, except for a spate of petrol bomb attacks one night in the Salisbury area. There has been an increase in minor incidents, eg malicious damage to crops, dip tanks, etc., in rural areas. Although we have received reports that about fourteen armed ZAPU supporters crossed into Rhodesia from Zambia at the end of December and beginning of January, we do not expect any significant change in the security situation in the near future.

We have no knowledge of recent pressures towards forming a government in exile.

Question 10

"Inclinations of white politicians outside RF: Any signs of mergers, plans for electoral or court challenges, return of such figures as Welensky or Whitehead to an active political role? If so, is United Kingdom encouraging such a movement?"

Answer:

There is evidence of some private discussion among European opponents of the regime, but for the present they are (prudently) not taking any public initiative. Moreover, the number of such persons although some of them have held prominent positions, almost certainly remains fairly small. While these include a number of former Federal figures, it seems unlikely that Sir Roy Welensky would in the near future attempt another political come-back. It would seem even more unlikely that Sir Edgar Whitehead would do so. The attitude of Her Majesty's Government to these European elements will depend on how these movements develop and what policies they advocate.

Question 11

"Who are the foreign businessmen reported to be frequenting Salisbury trading circles? How serious is the challenge which they might pose to the efficacy of economic sanctions?"

Answer:

We have not got a full coverage of all possible threats to circumvent sanctions on Rhodesian tobacco; the actual effect of such deals in practical terms is not known. All reports of deals of this nature are pursued by Her Majesty's Government as they occur (as is being done in the case of a recent report that tobacco is being bought in situ for delivery at some time in the future to United States purchasers).

Question 12

"What significant developments have occurred in the SR foreign exchange position? How great are the reserves now available to the regime and what is likely to be the depletion rate in the absence of any major export sales?"

Answer:

The Rhodesian official reserves fell from £30.5 million at the end of June to £21.6 million on 3rd December when publication of this information was discontinued. They include £3.6 million in gold.
Of the foreign exchange held outside London, the bulk is not available for use, the accounts having been frozen in consequence of the replacement of the Board of the Reserve Bank of Rhodesia.

This fall in official reserves could be mitigated by mobilising non-official holdings of foreign exchange and securities, of which the illegal regime is compiling a register. Private holdings of securities are believed to be substantial. Any credit extended by other countries, e.g. South Africa, to finance imports to Rhodesia of these goods would also off-set the fall in reserves.

In the virtual absence of useable official reserves, and except for and credit, Rhodesia will have to limit her imports to the level of her much reduced foreign exchange earnings and any non-official holdings which she might be able to mobilise. We understand that the regime based their import control on an expectation of £70 million/£80 million being available in a full year. They are likely to have to revise this downward with the tightening of sanctions, and particularly if exports to Zambia fall.

Question 13

"How does JIC estimate prospects for export of tobacco, sugar and minerals in next three-six months?"

Answer:

Tobacco

Auctions begin in April and we estimate that exports will not exceed a total value of £5m. It seems likely that the bulk of the crop will be purchased by the Government at about twenty-two pence per lb, and stored.

If the crop amounts, as expected, to about 240m lbs., and the regime are prepared to meet the necessary bill, the farmer will then receive an income of £22m. instead of the 1964 figure of £35m.

Sugar

On the 1964 basis, ie total exports being some £4m. in value, the United States, Canadian and United Kingdom bans imposed total £2.22m. In addition, Zambia is likely to reduce imports worth £1.065m., while, if Japan also cancels the £1m. worth due to be purchased in 1966 exports (to Malawi, Zambia and South Africa) would be limited to about £1m.

Production, however, has increased since 1964 and the exportable surplus was expected to rise from about 100,000 tons in that year to about 250,000 tons (at a lower average price) in 1966.

The effect of sanctions on 1966 trade will therefore be correspondingly more severe.

Minerals

The chief products in a gross output of £30m. are gold, asbestos, copper, coal and chrome. Since virtually the whole mineral output is exported directly or processed for subsequent export it is vulnerable to an export ban. Sanctions imposed seem to cover 16 per cent of normal chrome ore sales and 50 per cent of normal asbestos sales. The effect on coal exports to Zambia and the Congo is an unknown quantity. The probable overall reduction is of the order of 10-15 per cent and possibly higher if the Americans ban chrome.

Question 14

"Does JIC foresee any situations in which there might be a breakdown of internal security or governmental authority in SR?"

Answer:

It seems possible that, in the aftermath of a collapse of the illegal regime, there could be a deterioration in internal security; this could conceivably also happen in advance were their collapse to be delayed sufficiently long for widespread African unemployment to develop, or were scarcity of petrol seriously to affect the mobility of the security forces.

Question 15

"What is JIC's own estimate of the likely political impact of economic sanctions? Assuming that they have a political effect, will it be, for example:

To strengthen Smith while giving him freedom to pursue a more moderate course, such as negotiations with Her Majesty's Government?

To cause displacement of Smith by harder-line elements in Rhodesian front?

To split Rhodesian front or in some other way cause a re-emergence or coalescence of white opposition on a scale sufficient to offer a serious challenge to RF extremists?"

Answer:

We have nothing at this stage to add to paragraph (a) of our assessment of 5th January (circulated under JIC 14/66).

(Signed) G.W.W. WADDINGTON

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

13th January, 1966

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CABINET

JOINT INTELLIGENCE COMMITTEE

219/3.

RHODESIA:

THE OIL SITUATION

Note by the Rhodesia Intelligence Working Group

In this memorandum we have sought to bring together the principal facts, as known to us, relating to the following aspects of the oil situation in Rhodesia:

(1) Rhodesia's oil requirements
(2) Sources of supply
(3) Method of distribution
(4) Storage capacity
(5) Stocks
(6) The Umtali refinery
(7) The Beira-Umtali Pipeline
(8) The Mozambique Ports
(9) The Lourenco Marques refinery.

1. Oil Requirements. Before the embargo, the demand for oil products in Rhodesia in 1965 was estimated at a total of 408,500 tons. This figure, therefore, represents 'normal' requirements. The breakdown among the different products, expressed as average monthly rates, is as follows:

	(tons a month)
Aviation fuels	2,970
Motor gasoline	13,000
Kerosine	1,340
Gas/Diesel Oil	12,500
Lubricants	1,160
Bitumen	1,200
Other Products	1,880
	34,050 or about 1,100 tons a day

We are not at present in a position to estimate the proportion of normal supplies needed to maintain essential services; this will vary considerably between the different products.

2. Sources of Supply. Since April 1965 nearly all the country's requirements have been supplied from the Umtali Refinery (see section 6 below), in turn supplied with crude oil imported at Beira and pumped through by pipeline (see section 7 below). The main exceptions are aviation gasolines and lubricating oils which the refinery cannot produce; the latter are imported mainly from South Africa. Before the refinery came fully on steam in April, all the requirements were imported in finished form, mainly through the ports of Beira and Lourenco Marques and thence by rail.

3. Method of Distribution. Distribution from the refinery is effected mainly by rail to main and sub-depots, and then by road to retail outlets and main consumers. The established distributing and marketing companies are:

	1963 Share of market (%)
Shell Co. of S. Rhodesia) Consolidated Petroleum Co.	(41
BP S. Rhodesia Ltd.,) (Managed by Shell)	(13
Mobil Oil Southern Africa Ltd. (US owned)	21
Caltex Africa Ltd. (US owned)	18
Total Oil Products Rhodesia Ltd. (CFP, French owned)	6
	99

4. Storage Capacity

(a) Umtali Refinery. Total bulk oil storage for crude oil, intermediates and products at the Umtali refinery is about 30,000 tons.

(b) Depots. The total capacity at all known bulk oil depots throughout the country is about 45,000 tons.

(c) Retail Outlets. The bulk storage capacity at filling stations and other retail outlets is difficult to assess. However, Shell, which commands 41 per cent of the market, had about 3,000 tons capacity at its retail stations in 1964, so a reasonable assumption for all outlets would be 7,500 tons.

(d) Total storage capacity in Rhodesia therefore ((a)-(c) above) is about 83,000 tons. This establishes an absolute upper limit for stocks at 75 days' consumption at normal rates.

(e) Beira-Umtali Pipeline. The pipeline itself contains some 13,000 tons of crude oil, equivalent to some ten days' supply. It would be technically possible to extract this oil following the exhaustion of stocks at Beira, by pumping water; this could, however, be detrimental to the installations and present other problems, and, on balance, it is not thought likely to happen.

5. Stocks. Probably the best assessment of the stock position at the turn of the year which we can make is some seven to eight weeks' normal consumption (ie about 60,000 tons). This includes the crude oil (product equivalent) at the refinery but not that in the pipeline. Other reports from various sources have assessed the position in late December as eleven to fourteen weeks' supply, and the Smith regime itself claimed six months, but the basis of these figures is not known. Crude oil in Beira tankage is now thought to be exhausted. The crude stock level at the refinery is not known, but 'normal' stocks there would be 15,000 tons, so that with no fresh supplies of crude reaching Beira it should not be possible to maintain refinery operations at a reasonable level much after the middle of January, extended by another week or so if the pipeline's oil is extracted.

6. The Umtali Refinery.

(a) Location and Ownership. Rhodesia's only oil refinery, at Feruka near Umtali, is owned by Central African Petroleum Refineries (Pvt) Ltd., (CAPREF), incorporated in Salisbury. This company's shareholding is as follows:-

	%	Nationality
Shell Petroleum Co.	20.75	British/Dutch
British Petroleum Co.	20.75	British
Mobil Petroleum Co.	17.75	US
Caltex (UK) Ltd.,	15.75	US
American Independent Oil Co.	15.00	US
Total Oil Products Rhodesia Ltd.	5.00	French
Kuwait National Petroleum Co.	5.00	Kuwaiti
	100.00	

The refinery is, in fact, managed by Shell.

(b) Source of Crude. The refinery is designed to run on Iranian (Agha Jari) crude, although it recently took one cargo from Abu Dhabi. There would be some technical difficulties in processing a crude whose specification varied greatly from Agha Jari.

(c) Type of Refinery. The plant is a highly sophisticated one, designed to meet the particular needs of Rhodesia and Zambia. In addition to crude distillation, it incorporates catalytic cracking and reforming units, and has bitumen LPG, and coking facilities. It produces virtually no residual fuel oil, for which there is no demand, and its 'own use and loss' is probably rather high. (It has been suggested that the factor for converting crude oil to finished products is as low as 0.8). It cannot produce aviation gasolines or lubricants.

(d) Capacity. The refinery is rated at 20,000 barrels a day (about one million tons a year) crude throughput, more than sufficient to cope with the combined needs of Rhodesia and Zambia.

(e) Production. In the first four months of full operation (April-July 1965) the average monthly outputs were as follows -

	Tons	'000 gallons
Motor Gasolines	17,230	5,170
Aviation Turbine Fuel	2,880	806
Gas/Diesel Oil	15,130	4,010
Other Liquid Products	490	122
Bitumen and Coke	960	206
	36,690	10,314

As this was very early in the life of the plant, these figures should be taken as only a rough guide to the proportions between different products.

7. The Beira-Umtali Pipeline. The pipeline runs from Beira port to the refinery at Feruka, a distance of 185 miles, and has one intermediate pumping station at Maforga. Like the refinery, it is a very modern installation, incorporating the latest in automatic control and safety equipment. With a diameter of $10\frac{3}{4}$ inches, its capacity is assessed at 1.3 million tons a year with existing pumping equipment, although this is capable of expansion. Designed to carry crude oil, the conversion of the line to the carriage of light products would require some adjustment to pumping plant. There are limitations at the port of Beira, which can only handle small tankers (up to 18,000 dwt part loaded, depending on the state of the tides). Should the pipeline be denied, it would be technically possible to supply the refinery at reduced capacity with crude oil by rail from Beira and Lourenco Marques. The Mozambique section of the pipeline

is owned by Companhia do Pipeline Mocambique-Rodesia SARL, incorporated in Beira, in which Lonrho, a British company, has a majority shareholding. The last few miles of the line, in Rhodesia, are wholly owned by Lonrho.

8. The Mozambique Ports. In addition to the supply of crude oil to Umtali, Mozambique is also the traditional route for oil imports for Malawi (about 50,000 tons a year) Swaziland (45,000 tons a year) and parts of South Africa (quantities unknown). Internal demand in Mozambique itself is very modest (about 100,000 tons a year) but there is an important bunkering trade (about 150,000 tons a year). The greatest part of local demand, including bunkers, is met from the only refinery near Lourenco Marques, although some products have to be imported and others exported from the refinery. This complicated trade pattern is summarised as follows:

(a) Beira
- (i) receives products from Lourenco Marques Refinery for local consumption;
- (ii) imports products from Persian Gulf and elsewhere for Malawi, and to supplement (i) above;
- (iii) will be importing increasing emergency supplies for Zambia (via Malawi);
- (iv) supplies ships' bunkers;

(b) Lourenco Marques
- (i) imports crude oil for its refinery;
- (ii) ships products for coastal distribution in Mozambique;
- (iii) imports products from Persian Gulf and elsewhere for distribution in South Africa, Swaziland and locally;
- (iv) exports surplus products from the refinery;
- (v) supplies ships' bunkers.

9. The Lourenco Marques Refinery

(a) Location and Ownership. Rhodesia's nearest outside potential source of petroleum products is the refinery at Matola near Lourenco Marques. This is owned and operated by a local company, Sociedada Nacional de Refinacao de Petroleos SARL ("Sonarep"). The company is owned as follows -

$72\frac{1}{2}$ per cent Sociedade Nacional de Petroleos SARL ('Sonap') Portuguese;

$27\frac{1}{2}$ per cent Cie. Francaise des Petroles (CFP) - French;

(b) Source of Crude. It is thought that total crude oil requirements are met from the Persian Gulf by CFP;

(c) Type of Refinery. The refinery is modern (it came into operation in 1961) but comparatively simple. It has a catalytic reformer, and can therefore produce premium gasoline, but lacks cracking plant. Nearly half its output is therefore in the form of fuel oil, of no use to Rhodesia. It cannot produce aviation gasolines or lubricants.

(d) Capacity. Rated capacity is 12,000 barrels a day (about 600,000 tons a year) crude throughput. This is nearly twice the size of local demand, including the important ships' bunkering trade, so there is a sizeable margin for exports;

(e) Production and Exports. The refinery has been processing a little over 500,000 tons a year over the past three years, and there is currently about 70,000 tons a year uncommitted capacity. Recent export figures are not available; in 1963 Mozambique exported:

Motor Gasoline:	83,000 tons
Gas/Diesel Oils:	75,000 tons
Residual Fuel Oils:	98,000 tons
	256,000 tons

Current exports are probably of the same order of magnitude. The major companies are obliged to market Sonarep's products inside Mozambique, but do not normally handle exports. The refinery has never been a normal source of supply for Rhodesia.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.
12th January, 1966

DISTRIBUTION
Economic Assessment

Monday.

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12 JAN 1966
J. I. C. (1)

66c

12th January, 1966

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Mr. Eric Faulkner, Chairman of Glyn Mills, who was, as you will remember, one of the businessmen who went out to Rhodesia before i.d.i., telephoned me this afternoon with a message for Sir Burke Trend. After he had given me the message, I told him that Trend was in Africa and asked whether he had any objection to my passing the information to you. He readily agreed that I should do so. His story was as follows.

He had talked with R.M. Bateman, Managing Director of Turner and Newall, who has just returned from Rhodesia and who gave him a picture of increasing pressure by business interests on the more moderate members of the Smith regime to recognise the inevitability of sanctions. Bateman had lunched with Evan Campbell, who had an appointment to see Smith on Thursday, 13th January. Campbell was apparently going to represent to Smith that the time had come to face up to facts. He would put to Smith the point that, if disaster overcame Rhodesia, the Rhodesian man-in-the-street would think of Smith as the man who went down in history as ruining his country. But, equally, if Smith could find a way out of the present impasse, he would go down as the greatest Prime Minister in Rhodesia's history.

Bateman had met everywhere growing anxiety and recognition that Rhodesia could not win. Former Ministers and industrialists in Rhodesia were coming rapidly to the conclusion that the regime must be forced to face realities. What Mr. Reginald Paget, MP, had said about sanctions not working was plastered over the Rhodesia Herald, but was not borne out by the experience of Bateman, who had recently been in Rhodesia.

Faulkner said that events had moved faster than he thought they would. Previously, he had thought that mid-February would be the psychological moment at which sanctions might topple the Smith regime, but, on his more recent information - which he hoped to supplement in the next two weeks through other informants - he considered that the moment might come much sooner. He would be seeing Sir Edmund Bacon, Chairman of the British Sugar Corporation and a personal friend of Sir Humphrey Gibbs, in a few days' time. If he found anything of further interest, he would let us know.

W. K. REID

Sir Arthur Snelling, KCMG, KCVO

SECRET

66b

Commonwealth Relations Office,
Downing Street,
London, S. W. 1.

11 January, 1966.

219/3

Further American Questionnaire on Rhodesia

Following the assessment we sent to the State Department recently (JIC.14/66), the Americans have just sent to Alan Crick 15 more questions. Cremeans suggested that these might be answered by the J.I.S. orally to-day, it being unnecessary to produce any co-ordinated text.

2. I have agreed with Alan Crick that we cannot possibly handle questions of such delicacy and difficulty in this fashion. Almost all the questions are for the C.R.O. to have first shot at - I enclose the questionnaire - but No. 8 is perhaps for the D.I.S. and No. 12 for the Treasury.

3. As the Rhodesia Intelligence Working Group is meeting tomorrow afternoon, I think we should try to take the opportunity of producing draft answers in a form which can then be further submitted as necessary here, as before, for approval before despatch to the Americans. C.R.O. representatives will come to the meeting with their contributions.

4. This is frankly all rather a bore and I hope that the Foreign Office in particular will consider what is behind these American inquisitions and how far they think that, when we all have so much else to do, we should put ourselves out to try and answer them.

5. I am sending copies of this letter and its enclosure direct to Radice at the Ministry of Defence, Sharp at the Treasury, Vernon at the D.E.A., Rose at the Foreign Office, and enclose spares for you to send to other Departments represented on the Working Group.

L. B. Walsh Atkins

J. P. Foster, Esq.,
Cabinet Office,
Whitehall,
London, S.W.1.

SECRET

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Insert where shown

10 January 1966

Further questions on subject of J.I.S. Note on Rhodesia of 5th January 1966.

1. What is the significance of the evident advancement of Lord Graham and Rudland in the recent Cabinet reshuffle. Is it a sign of strength of the "cowboys"? If so, why has Smith refrained from naming a Deputy PM? CRO

2. Do British consider Harper to be a valid alternative to Smith? If so, what lies behind his ostensible conversion from "diehard" to (relative) "moderate"? CRO

3. Does the UPP have any real prospects, e.g., as a "third force"? How much political strength could it command with Dr. Palley? Are rumors of a UPP split accurate? CRO

4. Are there prospects for ZAPU support of UPP or of other officially-recognized opposition leaders? CRO

5. How does JIC assess tendencies toward white emigration from SR? Which categories will be inclined to leave earliest, and when will the statistics begin to reveal net loss of white population? CRO

6. Are any significant constitutional questions about to be raised in the courts? If so, what will be the position of the justices and how will regime react if the 1965 "Constitution" is declared invalid? CRO

7. Are there any further important security measures impending? CRO

8. Are there any significant developments in mobilization and equipping of SR military? Any indications of unusual South African assistance to SR forces? Indications of indiscipline among African troops in SR forces? DIS/CRO

9. African nationalist activities: Any change in level of insurgency and sabotage observed or impending? Any further pressures toward government in exile? CRO

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10. Inclinations of white politicians outside RF: Any signs of mergers, plans for electoral or court challenges, return of such figures as Welensky or Whitehead to an active political role? If so, is UK encouraging such a movement?

11. Who are the foreign businessmen reported to be frequenting Salisbury trading circles? How serious is the challenge which they might pose to the efficacy of economic sanctions?

12. What significant developments have occurred in the SR foreign exchange position? How great are the reserves now available to the regime and what is likely to be the depletion rate in the absence of any major export sales?

13. How does JIC estimate prospects for exports of tobacco, sugar, and minerals in next three-six months?

14. Does JIC foresee any situations in which there might be a breakdown of internal security or governmental authority in SR?

15. What is JIC's own estimate of the likely political impact of economic sanctions? Assuming that they have a political effect, will it be, for example:

To strengthen Smith while giving him freedom to pursue a more moderate course, such as negotiations with HMG?

To cause displacement of Smith by harder-line elements in Rhodesian front?

To split Rhodesian front or in some other way cause a re-emergence or coalescence of white opposition on a scale sufficient to offer a serious challenge to RF extremists?

Secret

66a

A/Sec/3 — Circulating 14/66 + TUR(A)(2) see Secret

Could you please organise this subject to the OK by Mr Martin Rogers CRO

Yours,

Jean Paul,

FOREIGN OFFICE, S.W.1.

10 January 1966.

A/Sec 2

P.C

219/3

It occurs to us that the notes which were prepared a short while ago by the J.I.C. in response to a request from the State Department on certain aspects of our policy towards Rhodesia, might be of interest to posts abroad, who normally see the regular assessments prepared by the J.I.C. Working Group.

2. Would it be possible to arrange for copies to be circulated accordingly under cover of a short explanatory note?

Yours ever,

Derek March

(D. M. March) FCO 676

J. P. Foster, Esq.,
Cabinet Office.

RECEIVED
A 13 JAN 1966
J. I. C.

Secret

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66

7 January, 1966.

Thank you for the minute I received yesterday about Mr. Greenfield, the statistician from Rhodesia. Obviously there is a lot of common sense (if I may say so) in your third paragraph. But I must point out to you that you are taking a heavy responsibility. If your Department were going to employ Mr. Greenfield, in however temporary a capacity, I imagine that your people would certainly want to make some enquiries into his background. If he is not even a temporary Civil Servant I am not sure how you would stand if you showed him papers classified even as high as Confidential. I suggest that for your own protection as well as that of H.M.G's classified information it would be prudent for you to take advice from D.E.A's own Security Advisers.

Please keep me posted. I quite recognise, of course, that the circumstances are exceptional.

I am sending a copy of this letter and of your minute to Foster.

(L. B. Walsh Atkins)

D. F. Lomax, Esq.
Department of Economic Affairs.

CONFIDENTIAL

COPY

Mr. Walsh Atkins

Mr. Greenfield, the statistician who was working in Salisbury until last week, told me that he had been there on a three year contract, which was extended for a year: he decided however to terminate it recently in view of the current situation. He said he may go back there when it has all died down.

2. I met him through a friend, John Wilmhurst, an economist with the ODM, who is now doing some statistical work for us on contingency planning, and who has also in the past worked in Rhodesia. Colin Greenfield is also a friend of Robert Ainscow, a statistician with the DEA planners, who has also been in R. A fourth statistical friend of Greenfield's, also once in R., is a chap in Somerset House - a demographer. (I am not too sure about the last chap.)

3. In view of this corroboration of Greenfield's existence and past, etc., I really think it would be a bit ludicrous to delve into his history, etc. to check on him. It is sufficient if he sees confidential papers, and in my view it does not matter in the least if they leak - the more information is spread about the better. There is no need for him to see papers of higher classification, whose economic value is often over-rated, but if we wished to bring him in then some form of checking should, of course, take place: I am rather opposed however to him being vetted if he is merely to see the normal confidential stuff. It seems unnecessary.

4. Greenfield is married: now looking for a flat.

(sgd.)

D. F. Lomax

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OUTWARD SAVING TELEGRAM

FROM COMMONWEALTH RELATIONS OFFICE TO COLOMBO

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No. 5 Saving
7 January 1966

219/3.

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Your telegram No. 1277 paragraph 3: Rhodesian Passports.

Our objective is to obtain illegal Rhodesian travel documents and replace them with valid documents under procedures explained in our telegram W No. 253 and subsequent telegrams. If Ceylon authorities follow their proposed procedure onus will merely be placed on another government. As not all foreign governments have been asked to cooperate it is also possible that person concerned might be able to continue to travel on existing document. Moreover if persons concerned were on stop list Ceylon authorities might in fact be helping illegal régime to function. Many of those on stop list are engaged in trying to find alternative markets for Rhodesian produce.

2. Two alternative acceptable procedures are being considered in other Commonwealth countries. Under first holder of illegal passport (whether or not on stop list) is admitted on condition that he will surrender his passport for replacement by nearest British office. Under second (which would apply in stop list cases where delay would involve risk of long term detention) emergency travel document would be issued by Immigration Officer for one way journey to Rhodesia and handed to captain of ship or aircraft.

3. Combination of these two procedures would in our view be most effective solution. Please try to persuade Ceylon authorities to agree to it.

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CABINET

JOINT INTELLIGENCE COMMITTEE

THE RHODESIAN ECONOMY:
THE EFFECTS OF PRESENT ECONOMIC SANCTIONS

Note by the Rhodesia Intelligence Working Group

Attached at Annex is an analysis of the effects of the present economic sanctions on the Rhodesian economy. The Annex includes in an Appendix a note on the possible effects of the loss of the Zambian market.

2. We conclude that -

(a) The Rhodesian economy derives 20 per cent of its £320 million domestic income from agriculture, 20 per cent from various services, 17 per cent from manufacturing, 13 per cent from commerce and 5 per cent from mining. This income is heavily dependent on foreign trade: exports equal 45 per cent of Gross Domestic Product and imports represent 30 per cent of the goods and services available to the economy for consumption, investment and export. The market economy, as opposed to African subsistence farming, employs 88,000 Europeans, Asians and Coloureds and 650,000 Africans; the Europeans are mostly concentrated in commerce and transport (34,000), the professions and other services (24,000), and manufacturing (15,000). Agriculture employs only 4,500 Europeans, and mining only 2,800.

(b) Export sanctions now cover about half of Rhodesia's normal outlets. The only significant ban on imports affects oil, although financial obstacles have made it more difficult for her to purchase other goods as well. Britain's financial sanctions have prevented any inflow of capital or any invisible payments from the United Kingdom, and have prevented the regime from obtaining access to the bulk of her official overseas reserves. Since Rhodesia is a net debtor on invisible trade, she stands to gain from the mutual suspension of such earnings.

(c) Collectively, these sanctions affect Rhodesia's external earnings, causing her to reduce the flow of imports, and lower the level of home employment and income. It is estimated that Rhodesia can now afford to import only £70-80 million of goods measured at an annual rate - a reduction of about 40 per cent - and even less during the unfavourable trading season from January-March. This she could do by eliminating nearly all consumer imports and cutting by about ¼ allocations of producer imports.

(d) In addition to general shortages thus created, Rhodesia will suffer from a specific shortage of oil. If storage capacity was full, there would stocks for eight weeks from the beginning of the year, at normal rates, which might be stretched to fourteen weeks by strict rationing. Future supplies are likely to be limited to purchases of oil products via Mozambique or South Africa. There is no evidence that South Africa is prepared fully to step into the breach. Provided essential services and minimum supplies for farm vehicles are maintained, the main economic impact will be on the commercial sector; it is not yet possible to estimate how soon essential services will be hit. The shortage could also have significant psychological effects on the white minority whose way of life is geared to motor transport.

(e) The potential effects of sanctions on income and employment are difficult to measure. Apart from petrol rationing, the general picture to date is of business as usual, although some factories are working shorter hours or have laid off staff, and many leading businessmen have warned of unemployment and hardship to come. The regime is taking the threat seriously, and although their counter-measures do not seem to have been planned in depth beforehand, the government has inter alia undertaken to purchase, pack and process any unsold tobacco; has taken steps to guide domestic credit into productive channels and stimulate employment; and has tried to increase its foreign exchange earnings from sales of coal to Zambia - an attempt now in suspense. In private industry, the representative professional bodies are organising measures to by-pass or alleviate so far as they can the expected hardships in their particular sectors.

(f) Despite these actions the national income is likely to be reduced by some 20 per cent from sanctions imposed to date. The chief sufferer will be the commercial sector where the reduction might be between 30-50 per cent. Employment will not suffer so greatly because of the possibilities of sharing out less work among the same number of people, but the Rhodesian estimate of 4,000-5,000, or 5 per cent, European unemployed seems a reasonable estimate which is if anything on the low side.

(g) Sanctions will also give rise to an inflationary situation likely to involve an indeterminate rise in prices calculated to add to such feelings of insecurity and despondency as exist.

(h) The estimated effects of sanctions represent the full impact: economic activity will gradually decline to these levels over a period of months. The process has barely yet begun, but should be seen to be happening over the next two or three months, to reach its full force from about March onwards. Oil sanctions are most capable of biting in a short time as stocks dwindle and rationing becomes more severe.

(j) The possibility of a "quick" collapse from present economic sanctions would thus seem to depend on this since the effects of the other sanctions would leave the economy, neither collapsing nor prospering, but maintaing itself at an income perhaps one-fifth lower than previously.

3. In addition we conclude that -

(k) The cutting off of the Zambian market would almost at once have multiple reactions inside Rhodesia which would over a relatively short period greatly lower income and employment to levels far below those now enjoyed. The whole structure of the economy would need to be re-organised to meet this situation. Rhodesians would not starve; the political and social effect of economic sanctions ultimately depends on the will and determination of the white Rhodesians to live for long under such conditions.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

7th January, 1966.

DISTRIBUTION

Economic Assessment

Annex to JIC 26/66

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THE RHODESIAN ECONOMY:
THE EFFECTS OF PRESENT ECONOMIC SANCTIONS

I. STRUCTURE OF RHODESIAN ECONOMY

Production

1. Rhodesian economic development has been based on the production of minerals and agricultural produce for export. On this basis Rhodesia has built up various manufacturing industries serving the home and neighbouring markets and an impressive social infrastructure. The economy is a dual one in that the majority of the 420,000 African farmers are subsistence cultivators entering only partially and spasmodically into the market economy.

2. The Gross Domestic Product in 1964 was £320m, derived in the following way:

Table 1

Share of GDP by Productive Sector 1964		
Sector	£million	% share
Agriculture	68	21
(i) Non African	(46)	(14)
(ii) African	(21)	(7)
Manufacturing	54	17
Distribution	42	13
Transport etc.	31	10
Mining	17	5
Services exc. domestic	64	20
Domestic Services	11	3
Other	33	11
Total	320	100

Growth during the fifties was rapid at over 7% a year, but the uncertainty surrounding the breakup of the Federation in the early sixties reduced investment and the inflow of capital so that this rate fell to no more than 2-3% a year, less than the annual $3\frac{1}{2}\%$ rise in population.

Income and Expenditure

3. The wealth of the country is earned and spent in the following ways:

Table 2

National Income and Expenditure 1964			
Income		Expenditure	
European	(£m)		(£m)
Wages & Salaries	107.6	Private Consumption	231.9
Unincorporated Trading	26.5	Government Consumption	38.2
Company Profits	46.7	Investment	47.1
Property	10.4	Other	3.2
Total	191.2		
African			
Wages & Salaries	75.4		
Unincorporated Enterprise	29.6		
Total	105.0		
Government & Public Corporations	24.2		
Grand Total	320.4	Grand Total	320.4

As an export economy, Rhodesia is clearly heavily dependent on foreign trade for her income and employment, although it is not easy to quantify this dependence. Export receipts in 1964 amounted to 45% of GDP, but this is only a rough guide because export receipts are gross figures while GDP is a net magnitude based on values added. Table 3 attempts to measure the importance of trade in the total flow of goods and services available: this shows that in 1964 imports formed 22% of private consumption and 30% of the inputs of domestic industry (intermediate consumption), which could then be consumed, invested or exported. The share of imports in final expenditure amounted to 30%.

Table 3

Share of Imports in Final Expenditure 1964					
(1) Category	(2) Total (£m)	(3) Direct Imports (£m)	(4) % of (3) to (2)	(5) *Indirect Imports (£m)	(6) % of (5) to (2)
Private Consumption	246.4	53.3	22		
Govt. Consumption	38.2	2.7	7		
Capital Formation	47.1	16.3	34	69.5	15
Stock Appreciation	1.1	0.4	36		
Export	143.6	-	-		
Total Expenditure	476.4	72.7	15	69.5	15
Total Share of Imports in Final Expenditure = Columns(4) + (6) = 30%					

*Refers to 'intermediate consumption' of £228.4m. This is later absorbed in one of the categories of final expenditure.

Employment

4. In the market economy, there are now about 88,000 Europeans, Asians and Coloureds, with average annual earnings of £1,241 per head, and 650,000 Africans with average earnings of £121 per head. The first quarter of the year is the season of heaviest employment, largely due to variations in the agricultural sector. The African labour force is largely unskilled and nearly half of them are immigrants from neighbouring countries; the European labour force is concentrated not in agriculture and mining, which contribute over 25% of the national product but employ only 8% of the European employees, but in commerce and the services, which employ over half the Europeans and in which employment is growing most quickly - 40% and 60% respectively in the decade 1954-64.

Table 4

Employment by Race and Industrial Sector 1964		
Sector	Non-African Employees	African Employees
Agricultural	4,450	273,100
Mining	2,660	40,400
Manufacturing	15,940	65,800
Commerce	24,460	33,200
Transport & Communications	9,670	15,700
Services	24,250	159,700*
Total (inc. other sectors)	86,800	621,000

*includes 94,100 in domestic service.

Prospects

5. Rhodesia's current development plan published early in 1965 attempted to adapt the economy to the new non-Federal environment, with its contracted home market, smaller inducements to overseas capital and heavy burden of external debt derived from earlier capital inflows. The intention was to ensure a current trading surplus and reduce the dependence on foreign trade by fostering self-sufficiency in agricultural products and replacing imports by domestic manufactures. 1964 and 1965 prior to IDI were in fact better years than any enjoyed by Rhodesia since the late fifties, and, from a purely economic point of view, prospects for continued expansion seemed promising.

II. THE SCOPE OF PRESENT SANCTIONS

6. The following estimates of the scope of sanctions are based on 1964 figures; 1965 figures are not yet complete but those available indicate a level of trade about 20 per cent higher. The absolute figures will thus need to be revised accordingly.

Rhodesia's exports

The United Kingdom has banned virtually all imports from Rhodesia, covering a level of trade which reached £30 million in 1964. Over 30 countries have banned imports of Rhodesian tobacco, which totalled about £16 million in 1964, and have banned or are expected to ban other imports from Rhodesia totalling about £14 million in 1964.

In all, therefore, £60 million of Rhodesia's normal exports (about 50 per cent of the total) are covered, or will probably be covered, by bans imposed by a large number of countries.

Financial Measures

The financial measures imposed by the United Kingdom will prevent the rebel regime from obtaining access to the bulk of the official Rhodesian reserves held abroad. They are therefore forced to live on current earnings. The ban on invisible payments to Rhodesia reduced Rhodesia's annual receipts by a further £8 million, although by a similar ban on payments to Britain, Rhodesia has saved about £23 million. Rhodesia will also be unable to obtain the usual short-term net capital inflow of about £10 million from the United Kingdom during the winter months when Rhodesia's exports are seasonally low.

Rhodesia's imports

The only significant restriction on imports imposed on Rhodesia is that on oil, which is now being implemented by all the major suppliers and prevents Rhodesia from obtaining her usual 400,000 tons of oil products annually.

III. EFFECT OF PRESENT SANCTIONS

7. Sanctions act directly on Rhodesia's external earnings, cause her to reduce the supply of goods available, and lower the levels of income and employment previously enjoyed. This section attempts to measure both the severity of these effects and the time they will take to operate.

A. EXTERNAL SOLVENCY

8. In 1964 Rhodesia had a current account surplus of £3m, made up of a visible surplus of £34m and an invisible deficit of £13m. Available figures suggest that 1965 was a better year, with a surplus of perhaps £10m made up of a visible surplus of £35m and an invisible deficit of £25m.

9. As a result of the imposition of sanctions, Rhodesia's 1966 balance might be of the following order -

Table 5

Rhoesia's Current Trading Account, 1964, 1965, 1966 (£m)

	1964	1965 (est)	1966 (est)
Receipts			
Exports (inc gold)	143.8	150/160	75.0
Invisible earnings	40.5	40.0	15.0
Total	184.4	190/200	90.0
Payments			
Imports	110.3	120.0	70.0
Invisible Payments	71.1	65.0	20.0
Total	181.4	185.0	90.0
Current Balance	+3.0	+5.0/15.0	Nil

These figures assume a 50% reduction in export earnings and a notable improvement in the balance of invisible transactions; imports are derived as a residual figure and represent the level of purchases Rhodesia would be able to afford given the reduction in exports. It is also assumed that South Africa will be prepared to extend credit to finance a substantial trade deficit.

10. Since the current situation is unlikely to remain static for a full year, these estimates are less a forecast of 1966 trade than an indication of the rate at which the country will be earning foreign exchange. Rhodesia's flow of payments and receipts is in fact seasonal, and the most difficult period comes in the first few months of the year when her current account is normally in deficit: it is then that the financial sanctions, by reducing the seasonal inflow of capital and the amount of reserves available, are likely to cause most inconvenience.

Rhodesian Countermeasures

11. Shortly after IDI the Rhodesian regime imposed import licensing with the intention of reducing imports to an annual level of £80-85 million. £30m. of this is reported to have been allocated for the four months December - March, with the government, industry and commerce receiving approximately equal shares. Some 1500 firms were registered, and applications for licences for imports during the first quarter of the year received; payments on licences were required to be phased so that not more than one-third was due by the end of January. These figures are higher than our estimates, largely because the Rhodesian figures include £20m. for tobacco sales, which is far higher than our estimate.

12. The regime has in addition banned the payment of invisible items to the United Kingdom, and many other invisible payments must be in doubt. Allowance has been made for this in Table 5. Exhortations and plans for import substitution are unlikely to be of immediate effect, but the restrictions on domestic credit also introduced shortly after IDI can be expected to lower the demand for imports amongst other goods.

B. LEVEL OF IMPORTS

13. The structure of Rhodesia's imports in 1964 (see Table 6) -

Table 6

Imports Classified by End-use 1964	
Classification	Value (£m)
Non-durable consumer goods	18.1
Durable consumer goods	3.0
Transport means	14.2
Commodities for intermediate & final consumption	13.1
Miscellaneous transactions	2.0
Basic & auxiliary materials for industry	36.9
Parts, tools and miscellaneous appliances	3.3
Products for building and construction	5.7
Plant, machinery and equipment	13.3
Total	109.6

shows that consumer goods represented about 30% of the total and producers' goods about 70%. Thus Rhodesia could achieve the necessary 40% reduction in her import bill by cutting out the large majority of imports of consumer goods and reducing the import of machinery, spares and raw materials etc. by about one quarter.

14. In addition to the general reduction in imports made necessary by the sanctions on her external earnings, Rhodesia has been specifically denied supplies of oil. Industry derives its energy largely from coal and hydroelectricity - oil forms one quarter of energy requirements, and only about 34,000 tons of oil products are used each month, mostly in cars, trucks, tractors and locomotives. Estimates of current oil stocks vary from 6 weeks to 6 months; possibly the best assumption is that stocks could last for 7-8 weeks from the beginning of the year at normal levels of demand and could be made to last 14 weeks by stern measures reducing consumption by 50%. All the major suppliers have followed Britain's lead and Rhodesia is likely to receive oil only by purchases of products from South Africa or Portuguese Africa. There have been rumours that devious transactions of this nature are being negotiated, but it is not thought that they could assume sufficiently large proportions to obviate the need for a fairly drastic reduction of consumption. While it is technically possible to produce substitutes for motor fuel - for example, alcohol from sugar or coal gas - this could be done in the short run only in token quantities.

15. Assuming that essential services and minimum supplies of diesel oil for farm tractors could be maintained, the importance of oil to the economy stems largely from its contribution to the transport system and hence to the mobility of the individual European. Most Europeans drive large cars. A severe shortage of petrol in particular would so reduce this mobility that his economic efficiency would be hampered and, perhaps even more significant, his sense of well-being and social security might well be shaken; whether this could contribute substantially to a collapse of the regime is a crucial, but not an economic, question.

C. INCOME AND EMPLOYMENT: PRESENT IMPACT OF SANCTIONS

16. With the exception of the oil ban, the effectiveness of sanctions would seem to depend on their impact on income and employment. We have two sources of knowledge about such effects: first, intelligence gathered on the existing state of the economy; and second, deductions on probable changes to come bearing in mind the nature of the economy.

17. Indications of the extent to which sanctions are currently affecting the internal economy are, as one would expect at this stage, few. Much of the information received refers to fears and forecasts of future hardships rather than present actions, and the regime appears to have deliberately delayed making adjustments to the economy prior to the Christmas holiday.

(a) Agriculture

18. Several official spokesmen have commented on the likely level of tobacco sales from the 1966 crop, expected to total about 240 million lbs. Auctions begin in April, and the forecast of the Chairman of TEPCOR is that only 40% of the crop will be sold at about 60% of the 1965 price: this would yield about £8.5 million as against a normal £40-45 million. Rumours of possible large purchases by the Rembrandt-Rothman group or other firms have not been confirmed. Drought has severely affected the Matabeleland maize crop, and although its extent is not clear it will probably necessitate abnormal maize imports in the course of the year. The expansion of wheat production in the lowveld is hoped to raise output to 110,000 bags, representing 12% of consumption; last year Rhodesia only produced 3% of its requirements.

(b) Manufacturing

19. A number of industrial firms have been reported as reducing or as being about to reduce output and labour. In particular, BMC are reported to have laid off 10% of their African labour; Dunlops to be in the process of cutting production by 25% and putting employees on a four-day week, and to be forecasting a 40% cut in output by the end of February; and a large unnamed photographic company to have laid off 120 employees. On the other hand, Lever Bros, have said they have no intention at present (14th December) of reducing staff. Much of such industrial dislocation that has taken place appears to have resulted from the ending of Commonwealth preference by Zambia rather than from the direct impact of sanctions.

(c) Commerce

20. A report early in December said that employees in the distribution trades were put on 2 months' standing notice on 1st December, and a separate source stated that a large unnamed overseas trading company intended to lay off 300 workers early in the new year, while other such companies had warned employees that dismissals would be necessary later. On 30th December, the Associated Chambers of Commerce of Rhodesia spokesman stated that commerce had been hardest hit by sanctions, and advised that further unemployment was inevitable and would, throughout the economy, probably reach 5% of the white labour force (4,000-5,000). This estimate is probably on the low side. We discuss this further in paragraph 44.

(d) General

21. Other Rhodesian forecasts agree with this figure, although some of them date from shortly after IDI when sanctions were less severe. Meanwhile, three Salisbury employment agencies have reported a definite increase in the number of unemployed Europeans over the past six weeks, with salesmen heading the list and the banks are receiving, as usual at this time of year, an increasing number of requests for loans, which they are reportedly finding something of a problem. Most observers agree, however, that in general the situation is much the same as usual, and that, at least up to the introduction of petrol rationing, sanctions had affected the man in the street but little.

D. INCOME AND EMPLOYMENT: FUTURE IMPACT OF SANCTIONS (BY SECTOR)

(a) Agriculture

Nature of production

22. Apart from tobacco, the main products are maize, livestock for meat, sugar and cotton for internal consumption and export. Nearly 40% of the gross agricultural output (including African production) is exported, about 25% is consumed internally and a further 25% processed internally for later export or home consumption. African farming is dominated by maize production and cattle rearing, with 10-15% of the output being sold on the market. European output is summarised in the following table -

Table 7

European Agricultural Output	
Product	1964 Value (£m)
Tobacco	32.7
Maize	7.9
Other crops	9.3
Feed and seed	2.5
Cattle	7.5
Other livestock produce	4.9
Total	64.8

Half of the output is exported, and only 10% consumed directly at home.

23. Rhodesia is not self-sufficient in foodstuffs: imports equal about 13% of total supply. The National Development Plan published early in 1965 laid considerable emphasis on reaching self-sufficiency in this sector as soon as possible: it was hoped to raise African output by a further £16m by 1968, over half of this for the market, and also to develop extensively the irrigation agriculture of the lowveld area.

24. Sugar and cotton are two products scheduled for expansion. Sugar has been developed over the past decade with an eye to the export market and by 1968 it was envisaged that 437,000 tons would be produced and 330,000 tons exported; in 1964, 98,000 tons were exported for £3.7 million. Cotton is grown for the local spinning industry, which requires about 30 million lbs annually and is expected to require about 42 million lbs by 1967. At the moment cotton fibre is imported from Malawi, Zambia and Uganda, but it is hoped to raise the level of present production from 14 million lbs to 75 million lbs and realise a substantial export surplus.

Rhodesian countermeasures.

25. Following the imposition of sanctions, the government has evolved a plan to buy the tobacco unsold at auction itself at a price below the normal market rate - 22 pence per lb has been mentioned. Packing and processing would be farmed out to the existing plants, presumably under direction or requisition.

26. Attempts are also being made to encourage the production of other agricultural products. The expenditure of £2.6m has been announced, of which £1m will be used to increase the capital of the Land Bank (which provides long and medium-term credit for farmers), £450,000 for the development of wheat under irrigation, and about £500,000 for tribal trust area development and African education. The wheat project has been accelerated so that the land (2,800 acres) can be prepared in time for April sowing.

27. The former Minister of Agriculture has appealed to people to buy only those cuts of beef not suitable for export and has in this connection referred to the need to replace imported cereals, mentioning a home product brand of breakfast cereal that would shortly be available. He also suggested to farmers that they begin preparations to grow bananas, which are at present imported.

Likely impact of sanctions

28. The likely impact, by crop, is likely to be:

(i) Tobacco. It seems likely that the bulk of the 1966 tobacco crop will be bought not by the merchants but by the government at a price of about 22 pence per lb. If the crop amounts, as expected, to some 240 m. lbs., and the regime are in fact prepared to meet the necessary bill, the farmers will thus receive an income of £22 m. instead of the £35 m. received in 1964.

(ii) Sugar. Prospects for expanding sugar production will have been hard hit by the export ban, and apart from some £1 million worth for Zambia, only a little is likely to be sold overseas and that at a low price. However, the increase in the price of sugar at home, where sales should not fall greatly, will help to counteract this, and income received might fall in total from this source from £6 million to £4 million.

(iii) Maize. It is not clear how serious the present drought is, but in terms of income a smaller crop should in any case yield a higher price. On the assumption that this is so, and that some farmers will have planted more maize in place of tobacco and sugar, income from this source is estimated to fall by about 25%.

(iv) Other crops. Many of these - vegetables, fruit, nuts - could easily be grown and sold in greater quantity, and there should be some scope for import replacement as purchases of fruit and nuts both fresh and preserved amounted to £1½ million in 1964. However, it is assumed that the domestic credit squeeze and general reduction in the level of demand will counteract these effects, and leave income at about its present level of £6million.

(v) Livestock. Income from cattle and other livestock produce was valued at £12 million in 1964: with government encouragement, the incentive of replacing imported dairy products (£½ million) and a rise in prices, this should rise rather than fall over the coming year.

29. On the above analysis, the income received by European farmers would fall by about £16 million or 23% over the year as the following figures show (in £million):-

	1964	1966
Tobacco	35	22
Maize	8	6
Sugar	6	4
Other crops	6	6
Livestock	12	13
Total	67	51

30. European employment in agriculture should be much less affected, due to the natural resilience of a farming community which can switch crops and has the ability to grow its own food. It is not anticipated, therefore, that there will be significant unemployment in this sector.

(b) Mining

Nature of production

31. Virtually the whole of the output of minerals is exported directly or processed domestically for export later in a different form. Gold, asbestos, copper, coal and chrome are the chief products in a gross output of £30m. The share of the GDP has been declining, and attempted expansion has met difficulties of demand, transport and finance even though large reserves exist. The Development Plan expected to see expansion in the output of asbestos, copper and iron ore in particular, and aimed to encourage that part of production processed internally rather than exported in an unprocessed state, but clearly production and future prospects remain very dependent on overseas buyers.

Rhodesian measures

32. The Deputy Minister of Mines has appealed to the mining industry to maintain production and employment at the highest level: with a wide range of minerals and widespread markets, he felt that the industry was in a position to help less fortunate sectors of the economy. Expansion plans have been announced to increase the capacity of African Chrome Mines and Rhodesian Chrome Mines, and are said (23rd December) to be going ahead even though they are British and American - owned. Gold production has been encouraged by a scheme to subsidise output from the higher-cost mines.

Future impact of sanctions

33. Mining is clearly vulnerable to an export ban, but it is perhaps more difficult to achieve an effective ban in this sector. However, sanctions imposed appear to cover 16% of her normal chrome ore sales and 50% of her normal asbestos sales, and asbestos sales at least will probably be significantly reduced. Income from coal exports, following the possibly temporary withdrawal of the royalty on sales to Zambia, is very much an unknown quantity; gold production should increase a little, but the scope here does not seem very large. There will probably be a reduction of the order of 10-15% and possibly higher if the Americans ban chrome.

(c) Manufacturing

Nature of production

34. Manufacturing activity has been directed towards supplying the former Federal area with consumer goods and construction materials, gradually substituting domestic production for imports. About one-third of the total output is exported, but less than 10% is exported outside the former Federal area. This illustrates the importance of Zambian and Malawi markets to the Rhodesian manufacturing industry. Most of the factories are engaged in food and drink processing (16% of contribution of manufacturing to GDP), the making of footwear, clothes and other textile goods (15%), and the processing of agricultural and mineral products (20%); the heavy engineering and chemical sectors remain relatively underdeveloped.

35. The prospects for further growth are limited by the truncated home market, and a thorough and dynamic expansion would only be possible by accelerating the production for export of processed agricultural and mineral products. However, there is considerable scope, within the present structure, for further local enterprises designed to replace imported goods, particularly primary steel products and chemicals. To this end, the Development Plan looked to the expansion of the iron and steel mill, and the home production of nitrogenous fertilisers and explosives, both to save foreign exchange directly and to provide a basis for other chemical developments. The textile industry is another which should be able to expand and replace imports, in this case on the basis of a larger domestic cotton crop.

Rhodesian measures

36. The Minister of Labour has announced that the government is considering schemes to provide employment openings, and appealed to employers to advise the Dept. of Labour of vacancies as they occur. African industry is being encouraged by a loan of £50,000 to establish a Tribal Trust Land industrial development corporation and Salisbury City Council has made £630,000 immediately available for construction work, although the money has not yet been allocated to specific projects and it is by no means certain that all the money will in fact be spent. The government has speeded up the procedure for local authority borrowing by a month to six weeks, and urged them to press on immediately with works designed to make maximum use of local materials and employ most people. Privately, a Rhodesian Products Promotion Society has been formed to provide information about locally made goods and to encourage the development of new forms of production to replace imported articles; it also intends to organise salvage campaigns to collect materials which can be reprocessed and so create employment.

Future impact of sanctions

The manufacturing industries likely to be most affected are those dependent on imported raw materials and components and those which previously enjoyed a competitive advantage in Zambia due to Commonwealth preference. The transport

equipment, rubber products, chemical and machinery industries fall into these categories, and falls in output of about 50% are assumed in each case. The textile industry and the clothing and footwear industries will be affected by reduced imports, but they might also be able to gain from the lower level of competition at home; food processing, tobacco manufacture, beverages, basic metals and non-metallic mineral products are less likely to be affected. The following table gives the contribution of each manufacturing industry to the GDP in 1964, with the possible order of the reduction in 1966 as a result of sanctions.

Table 8

Contribution of Manufacturing Sector to GDP (£m)

Type of Industry	1964	1966
Meat Processing	1.8	1.8
Other Food Processing	4.0	4.0
Beverages	4.4	4.0
Tobacco manufacture	3.8	2.5
Textiles (inc. clothing & footwear)	8.2	6.1
Wood manufactures	2.4	1.4
Paper manufactures	1.6	1.2
Printing and publishing	2.9	2.0
Rubber products	1.7	0.8
Chemicals	4.4	3.0
Non-metallic mineral products	2.6	2.6
Basic metals	4.4	4.4
Metal products exc. machinery	3.9	3.0
Machinery	2.1	1.1
Transport equipment	5.8	2.9
Other	0.3	0.3
Total	54.3	41.0

The total reduction, of some £13 million, involves a fall of about 24% in income; once again it is assumed that due to shorter hours, pay cuts etc., the fall in employment will be much less than this.

(d) Commerce

Nature of production

38. Commerce contributes 13% of the national income - some £42 million in 1964. It employs 24,000 Europeans, 25% of the total European labour force, who earn £35m from their activities, £20m of which is in the form of wages and salaries and £10m in company profits.

Rhodesian measures

39. The Associated Chambers of Commerce announced on December 30th the establishment of a national advisory scheme to help employers hit by sanctions.

Four advisory panels have been set up in Bulawayo, Salisbury, Gwelo and Umtali to guide employers in ways and means of avoiding retrenchment - diversifying of activities, substitution of local goods for imports, pooling of imports and amalgamations are examples suggested - and of reducing its impact where unavoidable, by general pay reductions, placing of staff with government service schemes, sending staff on leave and advising on the dismissal of non-bread winners.

Likely impact of sanctions

40. Commercial activity is assumed to vary in accordance with the general level of agriculture, manufacturing, mining and foreign trade which contribute its inputs. Taking the earlier estimates of the expected reductions in income in these sectors, and weighting them in proportion to their contribution to final output, suggests a fall in commercial income of nearly 30%. However, since imports for the commercial sector are likely to fall more than imports as a whole, this is almost certainly an underestimate, and the fall in commercial income is assumed to be in the range of 30 - 50%. Further, the financial sanctions can be expected to exacerbate these effects in the unfavourable trading season (from January to April).

(e) Other Sectors

TABLE 9

Income from Miscellaneous Sectors (£m)

Sector	Contribution to GDP in 1964
Construction & building	14
Public services	11
Transport & communications	30
Banking, insurance & finance	4
Real estate & ownership of dwellings	10
Govt. administration, education, health	31
Domestic Services	10
Rural household services	4
Other services	14
Total	129

41. Over 40% of the GDP is derived from these sectors of the economy, many of which are unlikely to be much affected significantly either by sanctions directly or by a drop in general demand - African domestic and rural household services, for instance. Much of the remaining income involved here comes from public services like health, education, administration and defence. Construction and transport are more likely to be affected than professional men like lawyers and architects, but construction is an activity likely to be stimulated by government and local authority action to create employment. Taking this sector as a whole, it would seem reasonable to anticipate a decline in income of no more than 5 - 10%.

E. TOTAL EFFECT OF PRESENT SANCTIONS

Income

42. On the assumptions outlined in paras 22-41, Rhodesia's GDP would be reduced in 1966 in the following way.

Table 10

Sector	% Share of GDP	Expected % Reduction	% Fall in GDP
European Agriculture	14	23	2.8
Mining	5	10-15	0.5/0.8
Manufacturing	17	24	4.1
Commerce	13	30-50	3.9/6.5
African sector	7	nil	nil
Rest	44	5-10	2.2/4.4
Total	100	-	13.5/18.6

43. The fall in income to be expected from the present level of sanctions on exports is thus of the order of 15-20% and slightly higher if only the European sector is considered. This figure takes no account of the specific effect of the oil ban on production and commerce. This should have a direct impact on the incomes of garages and other commercial enterprises in the motor trade, lead to a loss of income for oil refinery employees - 300 Europeans and Africans - and affect the output of those industries which use oil for their energy requirements.

Employment

44. The effects on employment of a fall in income of the order of 15-20% will be disguised by various means, but cannot be totally nullified. The Rhodesian estimate of about 5,000 Europeans unemployed (5% of total) after 3 to 4 months is probably on the low side. Certainly if the fall in commercial incomes reaches the upper end of the range suggested above (30-50%), unemployment will be considerably higher, even if government attempts to create employment are successful. Whether the unemployment will show itself mainly in numbers out of work or involve wholesale underemployment of existing staff will depend on the policies of the individual firms.

Inflation

45. The effects of sanctions described above will lead to a decrease in the supply of goods and services greater than the consequent decrease in income. This inflationary situation will probably be further aggravated by Government attempts to create employment and to ensure for itself sufficient money to meet recurring and new expenditures. A rise in prices in these circumstances could be averted only by strict controls and rationing for which the regime does not seem prepared even if it felt them to be desirable, so a decline in the purchasing power of money seems inevitable. Unlikely of itself to have any dire consequences, this will nevertheless add to and feed upon any feelings of uncertainty, insecurity and impending doom which may exist.

Timing of Maximum Effect

46. The falls in income and employment represent the completed effect of sanctions: economic activity is expected to decline to these levels over a period of months. The process has barely yet begun, but should be seen to be occurring over this and subsequent months. The oil ban is the sanction most likely to have a deep effect on the ordinary white Rhodesian in a short time, since petrol rationing is an immediately realised hardship, and a severe shortage is possible as stocks dwindle over the next month or two. Indeed, the possibility of a 'quick' collapse from economic sanctions would seem to depend on this, since the other physical and financial sanctions would leave the economy, on the above analysis, maintaining itself without collapse or prosperity at an income level perhaps 1/5 lower than previously.

47. A note on the possible effects on the Rhodesian economy of the loss of the Zambian market is attached at Appendix ___.

UK EYES ONLY

Appendix to Annex to JIC 26/66

POSSIBLE EFFECTS OF LOSS OF THE ZAMBIAN MARKET

1. A loss of the Zambian market would have severe effects on manufacutring output. Exports of manufactures to Zambia in 1964 were as follows:

Table 11

Domestic Exports of M'factured Products to Zambia	
Type of Industry	1964 Sales (£m)
Meat processing	0.7
Other food processing	1.8
Beverages	0.2
Tobacco m'factures	0.8
Textiles, inc. clothing & footwear	5.6
Wood m'factures	0.6
Paper m'factures	0.9
Rubber products	0.7
Chemicals	3.2
Non-metallic mineral products	0.6
Basic metals	1.1
Metal products exc. machinery	1.8
Machinery	1.8
Transport equipment	2.1
Other	0.4
Total	22.3

2. This represented about 15 per cent of total manufacturing output. Some of the market will have already been lost due to the ending of Commonwealth Preference and Zambian desire to seek alternative sources of supply, but a complete loss of such sales would further whittle away manufacturing output by about one-third of its former level. Indirectly this would reduce Rhodesia's supply of foreign exchange to pay for imports from other countries, which would in turn further lower both manufacturing and commercial activity.

3. Other Rhodesian exports to Zambia include electrical energy (£4.2m) coal and coke (£1.5m) groundnuts (£0.2m) and asbestos (£0.1m). If this trade too were stopped, Rhodesia's ability to import goods would fall to about £40 million (see Table 5), and this would require a cut in imports of raw materials and supplies for industry of over 50%. With industry, mining and foreign trade reduced to this level, commercial activity would fall to perhaps a quarter of its present level.

4. These initial changes would be expected to multiply as they spread throughout the economy and affected the cost structure of individual firms. A certain amount of diversion of goods to the home and South African markets would no doubt occur, but this would be unlikely to prevent a severe drop in national income. To meet this situation, the whole economic structure would need to be reorganised. Even at this lower standard of living, the white Rhodesians could continue to exist within a closed economy. The social and political effect of economic sanctions ultimately depends on the will and determination of the white Rhodesians to live for long under such conditions.

Enter

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FROM LUSAKA TO COMMONWEALTH RELATIONS OFFICE

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Sir L. Monson

No. 37
4 January 1966

D.0055 5 January 1966
R.0215 5 January 1966

IMMEDIATE
CONFIDENTIAL

Addressed to C.R.O. telegram No. 37 of 4 January
Repeated for information to: Nairobi
Washington

We are reporting separately to Board of Trade about a meeting Brazendale had on 3 January with Newson, N.A. senior director in the Charter Consolidated Group, together with certain of his colleagues on the boards of Rhodesian Milling Company and Northern Millings Company. Newson, who was very well known to Brazendale in Salisbury, is very well informed on Rhodesian affairs, with no sympathy for the R.F. and U.D.I.

2. Newson said Smith was gravely concerned at the state of affairs in Rhodesia and now realised he and his Cabinet entirely miscalculated what could be the repercussions of U.D.I. They realised they would now be in an impossible position with the coming tobacco crop, with Imperial Tobacco and Gallahers about to conclude five year contracts with Canada and India, while the industrial and commercial situation was deteriorating rapidly. Newson said he had himself managed to dispose of Risco's exportable output but only at disastrously low prices; he saw this was also the case with Ferrochrome which produced solely for export. Newson said if this situation persisted much longer Rhodesian industry would be "flat on the floor".

3. Smith realised that the tough line taken with Zambia has been a blunder and Newson believed he was about to follow up his recent conciliatory overtures on the subject of petrol and the coal surcharge with others. Newson said he hoped that if possible Her Majesty's Government would exert a moderating influence but was warned by Brazendale that the prospects of these being well received by Zambia were not (repeat not) bright.

4. Brazendale said there was great anxiety in Zambia that the rail route via Rhodesia might be closed. Newson said he believed closure very improbable in the prevailing atmosphere in Salisbury. He had reason to think that Smith was on the point of introducing legislation designed to protect the rights of Africans under the existing constitution. It might be by conceding a blocking third but he thought it more likely it would take the shape of a council or constitutional assembly of Africans which would be able to exercise a veto on legislation affecting the constitution harmful to African interests. Having done this he believed Smith would then attempt to reopen discussions with Her Majesty's Government.

C.R.O. pass Immediate Nairobi 9, Washington 6.

[Repeated as requested]

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CABINET

JOINT INTELLIGENCE COMMITTEE

219/3.

CURRENT INTELLIGENCE ON RHODESIA

It has now been agreed that the Africa Current Intelligence Group (Rhodesia) shall meet thrice weekly instead of every working day. The next meetings will take place on Thursday, 6th January, 1966 at 11.45 a.m. in the J.I.R. and at 11.45 a.m. on Tuesday, 11th January in Room 215, Cabinet Office. Further arrangements will be promulgated in due course.

2. The Africa Heads of Sections meeting on subjects other than Rhodesia will continue to be on Tuesdays at 11.00 a.m.

3. The next meeting of the Rhodesia Intelligence Working Group will be on Friday, 7th January at 11.30 a.m. in Room 215. Arrangements for future meetings, which will take place once a week, will be promulgated separately to members of the Working Group in due course.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

5th January, 1966.

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JIC
Africa Current Intelligence Group Members
Rhodesia Intelligence Working Group Members

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(56)

EXTRACT from OPD(SC)(66)1st Mtg dated 3 Jan 66.

5. ECONOMIC INTELLIGENCE

It was agreed in discussion that the economic assessments prepared by the Rhodesian Intelligence Working Group should in future be circulated once, instead of twice, a week.

The Committee -

Invited Mr. Walsh Atkins to arrange accordingly.

(53)

EXTRACT from MISC 100/C 21st Mtg dated 21 Oct 63

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4. INTELLIGENCE ASSESSMENTS AND MILITARY PLANNING

MR. WALSH ATKINS said that the Deputy Chief of the Defence Staff (Intelligence) had asked for a single paper assessing the state of white opinion in Rhodesia; the effect of sanctions on Rhodesia, Zambia and Malawi; the Rhodesia internal security situation and the extent of the external threat. The reason for the request was apparently to enable the military authorities to judge whether events might move in such a way that military action would be called for.

The main point made in discussion was that there was a distinct possibility that developments in Zambia might cause trouble amongst the European workers on the copper belt which could lead to a dangerous political situation and even disorder for which British military help might be necessary. It was however unlikely that the Zambian Government would permit British military help to be given to the European population unless it was accompanied by the sending of a military force to Kariba. It was generally agreed that it would be prudent if military planning could be begun forthwith on action which might be necessary if there were disorder in Zambia or in Rhodesia or in both; it would be desirable if the Minister of State could report in this sense to the Prime Minister so that the necessary authority for planning might be given.

In further discussion it was agreed that it was too early to make any long-term assessment of the state of white opinion; a study had already been made by the Rhodesia Intelligence Working Group of the effect of economic sanctions on Rhodesia and at a later stage the Department of Economic Affairs would be able to help the Group in preparing a study of the effects of economic sanctions on Zambia and Malawi. The J.I.C. machinery would be appropriate for the preparation of reports on the current internal security situation in Rhodesia and on the external threat to the country.

The Committee -

(1) Took note that the Minister of State for Commonwealth Relations would inform the Prime Minister of the need for military planning on action which might be required in the event of disorder in Zambia or in Rhodesia or in both.

(2) Invited Mr. Walsh Atkins to inform the J.I.C. of the Committee's views on the request from the Deputy Chief of the Defence Staff (Intelligence).

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RHODESIA

Miscellaneous Information

15-16 December, 1965

219/3

INTERNAL

Tobacco

The two main British buyers of Rhodesia tobacco Imperial Tobacco and Gallaghers, issued statements in Salisbury on 14 December stressing that as long as the British embargo remained in force there would be no question of their buying any of the 1966 Rhodesian tobacco crop, either directly or indirectly. (Unclassified).

Manpower

2. The régime's Minister of Labour is reported to have told trade union leaders in Bulawayo on 13 December that the 'Government' had begun an intensive exercise to minimise the effects of unemployment. Their plan included redistribution of labour if necessary, rather than the creation of new opportunities. He thought there was no need at present to introduce manpower regulations. Any replacement of foreign labour would be carried out in such a way as not to disrupt the country's economy. (Rhodesia radio - Unclassified).

Kariba

3. The Vice-President of the World Bank, Mr. Burke Knapp, arrived in Salisbury on 15 December for discussions on Kariba. (Press - Unclassified).

Pensions

4. The régime's Minister of Finance said in a statement on 15 December that he was very pleased that the British Government had decided "to bow to the pressure of public opinion and to honour its pension obligations". It was clear that their earlier decision had, like all others, been dictated basically

/"by

"by a frantic urge to dance to the tune of the Afro-Asian extremists without regard to any moral considerations". (Unclassified).

Brcadcasting

5. On 6 December the Rhodesia Herald began publishing each day full details of the programmes in the B.B.C. World Service, and the relevant wavelengths. This has now been stopped by the censors (as from 15 December). (Unclassified).

EXTERNAL

South Africa

6. It is reported that a meeting in Port Elizabeth on 13 December of a local "Friends of Rhodesia Association" was told of a plan to raise a £3½ million loan to assist the Rhodesian régime. It would carry no interest, and would be used to finance the export of South African products to Rhodesia. (Rhodesia radio - Unclassified).

Zambia

7. The Zambian Government said in a statement on 15 December that because of Zambia's geographical and economic position they had found it difficult to comply with the O.A.U. resolution on severing relations with Britain. As for Kariba, they adhered to the view that the right course was for Britain to place troops on the Rhodesian side of the dam; but the British Government had refused. In the circumstances, they thought it "necessary and timely" to ascertain the views of other people; and Zambian ministers would shortly visit the U.S.A. and Russia, calling at London en route for a talk with the British Prime Minister. (Unclassified).

Tanzania

8. The Tanzanian Government broke off diplomatic relations with Britain as from midnight 15/16 December. A Note given to

/the

the High Commissioner earlier in the day explained that this was because there had not been any indication that the British Government had complied or intended to comply with the terms of the O.A.U. decision of 3 December. (Unclassified).

9. At a press conference the same day President Nyerere said that if Tanzania was the only African Commonwealth member to break with Britain it made their pulling out of the Commonwealth almost inevitable. (Press - Unclassified).

Kenya

10. Explaining Kenya's decision to ask for a postponement of the Security Council meeting which they had earlier requested, the Kenyan representative in New York said on 14 December that this was because they had concluded that the British Delegation were not ready to take part in a debate centred on Chapter VII of the Charter. (Unclassified).

Ghana

11. President Nkrumah announced on 16 December the breaking off of diplomatic relations with Britain by Ghana. He is reported to have said that Ghana was also considering withdrawing from the Commonwealth. He would in addition urge O.A.U. members to break their links with colonial or former colonial powers which stood in the way of African unity - Britain, France, Spain, Portugal and Belgium. (Press - Unclassified).

12. In a letter dated 11 December and handed to the British Prime Minister on 14 December, President Nkrumah had said that in his Government's opinion a severance of diplomatic relations with Britain would mean Ghana's withdrawal from the Commonwealth. (SECRET).

13. The Ghanaian Foreign Minister told the British High Commissioner on 15 December that his Government was communicating with other Commonwealth Governments "about Commonwealth membership". (CONFIDENTIAL).

/14.

14. He also told the High Commissioner that all diplomatic staff were being withdrawn from the Ghanaian High Commission in London; they would, however, wish their trade representatives and student liaison officer to stay. (CONFIDENTIAL).

15. In a message to the British Prime Minister on the evening of 15 December President Nkrumah said that, if Britain quelled the Rhodesian rebellion and took "concrete steps" to establish majority rule there, Ghana would then normalise relations with Britain. He did not think meetings of either Commonwealth Heads of State or the Security Council would serve any useful purpose unless Britain's position on the use of force were to change. (CONFIDENTIAL).

Sierra Leone

16. The Prime Minister told the High Commissioner on 14 December that his Government had decided to defer for the time being any decision on breaking off either diplomatic or Commonwealth relations. (CONFIDENTIAL).

Guinea

17. The Government of Guinea broke off diplomatic relations with Britain on 15 December. (Unclassified).

Congo (Brazzaville)

18. The Foreign Minister informed the Ambassador on 14 December that if the Rhodesian rebellion had not been put down by the following day relations with Britain would be broken off. (CONFIDENTIAL).

Central African Republic

19. The President said on 15 December that the Republic was not breaking off relations with Britain. (Press - Unclassified).

Senegal

20. The Ambassador reported on 14 December that Senegal would not break off relations. (CONFIDENTIAL).

/Algeria

Algeria

21. A Government spokesman said on 15 December that Algeria would await the outcome of the further O.A.U. conference at Addis Ababa on 21 December before deciding whether to break off relations. (Unclassified).

Germany

22. It is reported that the S.S. Pericles' sugar cargo, formerly destined for the U.S.A., is being unloaded and stored in the free port area of Hamburg. A German firm is reported to have bought the sugar (9,000 tons) through a London company before the announcement of the German Government's ban. The Government have emphasised that its importation into Germany will not be permitted. (Press - Unclassified).

23. The German Cabinet approved on 15 December the ordinance introducing licensing for tobacco imports from Rhodesia. It was explained at a press conference that this would apply only to future crops and would not affect current agreements. (Unclassified).

Luxembourg

24. The Government have informed the Ambassador that they are taking parallel action to the Belgian Government and placing all imports to and exports from Rhodesia under licence. This will mean, inter alia, no further purchases of Rhodesian tobacco or sugar. (CONFIDENTIAL).

U.S.S.R.

25. The Embassy were informed on 14 December that the Soviet Union would purchase no more tobacco from Rhodesia. (CONFIDENTIAL).

/U.S.A.

U.S.A.

26. The Ambassador reported on 14 December that he understood American oil companies were not willing to participate in an oil embargo on Rhodesia just on the basis of a simple request from the United States Government. (SECRET).

STOP PRESS

The U.A.R. and Mali have also broken off diplomatic relations with Britain. It is reported in the press that Mauritania and Congo (Brazzaville) have done likewise, but official confirmation is not yet to hand.

RHODESIA POLITICAL DEPARTMENT,
Commonwealth Relations Office,
17 December, 1965.

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JOINT INTELLIGENCE COMMITTEE

219/3

RHODESIA INTELLIGENCE WORKING GROUP

The Working Group met on Friday, 17th December, 1965 at 11.30 a.m.

2. THE CHAIRMAN asked Departments to pass any information they might have on trends of public opinion in Rhodesia to Mr. R.A.R. Barltrop, who was acting as the focal point for this information in the Commonwealth Relations Office. He said that more information would be issued soon about Mr. Nield's new Interdepartmental Executive Unit on Rhodesia.

3. After discussion later in the Meeting, the Working Group -

Invited the Board of Trade, in conjunction with Mr. Nield's Committee, to consider approaching British firms, with branches in Rhodesia, with a view to asking them to co-operate in "going out for a quick kill" against the Smith regime.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

20th December, 1965.

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J.I.S. ('B' Team)
Rhodesia Intelligence Working Group Members
Rhodesia Current Intelligence Group Members
Mr. W.A. Nield, D.E.A.

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JOINT INTELLIGENCE COMMITTEE

RHODESIA INTELLIGENCE WORKING GROUP

THE ECONOMIC EFFECT OF SANCTIONS ON RHODESIA

The paper attached at Annex, prepared by D.E.A., has been approved by the Working Group as a tentative estimate of the economic effect of sanctions as at 16th December, 1965.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

17th December, 1965

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Economic Assessment

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Annex to J.I.C./1053/65

THE ECONOMIC EFFECT OF SANCTIONS ON RHODESIA

I. INTRODUCTION

It is very difficult at this stage to reach any firm conclusions on the effect of sanctions on Rhodesia, and in particular on their timing. This paper therefore does not purport to be more than a first tentative estimate of the effect of sanctions as at 16th December. It will be revised and brought up to date as soon as this can usefully be done, particularly in the light of the new sanctions to be announced shortly. The paper is concerned solely with the economic impact of sanctions and makes no attempt to assess the likely political or psychological effects internally in Rhodesia.

II. THE PRESENT LEVEL OF SANCTIONS

2. The main features of the present level of sanctions on Rhodesia are as follows -

(a) Rhodesia's exports

The United Kingdom has banned virtually all imports from Rhodesia, covering a level of trade which reached £30 million in 1964.

17 other countries (Japan, Australia, Malaysia, Denmark, Norway, Sweden, Hong Kong, Singapore, France, Trinidad, Jamaica, New Zealand, Italy, Nigeria, Libya, and Germany, together with other United Kingdom colonies) have banned imports of Rhodesian tobacco, which totalled about £12 million in 1964.

9 further countries are confidently expected to ban further tobacco imports totalling £4 million.

Other imports from Rhodesia, totalling about £5 million in 1964 have been banned, or are almost certain to be banned, by 14 countries or more.

In all, therefore, £50 million of Rhodesia's normal exports (about 40 per cent of the total) are covered, or are almost certain to be covered, by bans imposed by a large number of countries.

(b) Financial measures

The financial measures imposed by the United Kingdom will prevent the rebel regime from obtaining access to the bulk of the Rhodesian reserves held abroad. They are therefore forced to live on current earnings. The ban on invisible payments to Rhodesia reduces Rhodesia's annual receipts by a further £8 million. Rhodesia will also be unable to obtain the usual short-term net capital inflow of about £10 million from the United Kingdom during the winter months when Rhodesia's exports are seasonally low.

(c) Other measures

Restrictions on exports to Rhodesia, including oil, are not yet significant (15th December), and therefore their effects are not considered here.

3. The consequence of these measures is that Rhodesia needs to reduce her level of external payments by £60 million, over a whole year. The reduction in spending will need to be greater in the next few months, say at an annual rate of £70-£80 million, in view of the loss of the usual net capital inflow over the winter. Rhodesia's exports normally run at about £120 million a year, and her invisible receipts additionally at about £60 million.

Rhodesian counter-measures

4. The two main counter-measures taken by the rebel regime have been a ban on most invisible payments abroad, mainly to the United Kingdom, which should save about £25 million over a full year, and the imposition of import-licensing. In view of the reduction in Rhodesia's foreign exchange receipts, import-licensing therefore needs to be used to the extent of reducing visible imports over the next few months by about £45-55 million, measured at an annual rate.

The Effect on the Rhodesian Economy

5. The required cut-back in Rhodesia's imports has necessitated an almost complete cessation of imports of consumer goods (about £40 million in 1964) and some reduction in imports of transport equipment, spares, raw materials, intermediate goods, and other industrial items (these totalled £80 million in 1964). The major effects on the economy of this loss of exports and reduction in imports can be expected to be as follows -

(a) Employment

The commercial sector, which employs about 24,000 Europeans, Coloureds and Asians, will be hit hard immediately by the restrictions on international trade, and in particular by the reduction in imports. In some parts of the sector significant unemployment will appear as soon as present stocks have been drawn down, which will in most cases be in January. In manufacturing, some unemployment will appear through reductions in production caused both by the partial loss of markets such as Zambia where Rhodesia has now lost the benefits of Commonwealth Preference, and by difficulties in obtaining supplies of raw materials because of reduction in the import quotas. The agricultural sector will be faced with the prospect of sharply reduced outlets, but no great reduction in the level of activity is expected in the near future,

although some under-employment may appear. The tobacco farmers are, for example, expected to plant about three-quarters the normal crop, despite the lack of markets. The result of all these factors is likely to be heavy unemployment in the commercial sector, with increasing unemployment in manufacturing, probably building to a peak, under present sanctions, in February and March. The Rhodesian Gross National Product is likely by then to be running about a fifth, or more, below normal levels.

(b) Confidence

There are already signs that lack of confidence in the ability of the Smith regime to deal with the economic situation in the face of sanctions may be spreading slowly from business and financial circles to the rest of the country. The extent to which loss of confidence is felt by the man-in-the-street depends on several factors, whose effects are difficult to assess. For example, mass confidence would be unlikely to be lost before sanctions had had any significant effect on the economy. This puts the earliest possible date for a loss of confidence as some time in January. The loss of confidence would depend greatly on the extent to which all Rhodesians were informed of the actual extent and potential effect of sanctions, and in particular on their knowledge of the dismal prospects for tobacco sales from the next crop and the effects this would have on the economy as a whole. This could take some months to sink in. The direct effect of sanctions will also be important: the stronger the sanctions the more likely a loss of confidence in the future of the economy. Finally, the likelihood of a widespread loss of confidence would depend on the extent to which the rebel regime appeared able to handle the situation with reasonable success and efficiency. The regime's ability to do this would decrease as sanctions were tightened. The regime already appears to be having to react on an ad hoc basis without a great deal of careful prior thought, and their difficulties will become greater as the pressure on the Rhodesian economy and the complexity of sanctions increase.

III. INCREASED SANCTIONS

6. Sanctions on Rhodesia may be tightened in several ways -

(i) Rhodesia may be denied a wide range of necessary supplies such as industrial raw materials and machinery, as through a ban by the United Kingdom on exports of machinery and parts to Rhodesia.

(ii) The number of countries banning imports from Rhodesia may be increased, or the countries at present banning such imports may extend the scope of their ban. At the moment we may reasonably expect as the result of Her Majesty's Government's current policies that at least a further £20 million or more of Rhodesia's exports will be covered in this way in the near future. The theoretical maximum - if all countries except Zambia and Malawi, South African and the Portuguese colonies in Africa banned almost all imports from Rhodesia - would be a further £30 million reduction in Rhodesia's exports. In addition, Zambia may also be able to restrict her imports from Rhodesia by up to, say, £10 million over a period of time.

(iii) Rhodesia may lose a vital import, such as oil.

The Effect of Increased Sanctions

7. The effect of increased sanctions on Rhodesia's exports would depend on the form and extent of the increase. In view, however, of the extent to which the Rhodesians have already eliminated almost all consumer goods imports and imports of other inessential items, any further sanctions would have the effect of forcing them to cut back on essential imports, and therefore on manufacturing production. This would lead to deepening unemployment in the manufacturing sector, which now employs about 15,000 Europeans, Asians and Coloureds.

8. The effect of an additional reduction of about £20 million in Rhodesia's export outlets would be likely to be to cause a further reduction of up to 15-20 per cent in the level of manufacturing employment. If other countries were to reduce Rhodesia's exports by more than £20 million correspondingly larger effects on employment would result. A similar effect on unemployment, whose precise impact is difficult to quantify, would be obtained if Rhodesia were denied essential supplies, such as car kits for assembly and other industrial raw materials, though action by the United Kingdom in banning exports of machinery.

9. Even if an effective ban on oil could be obtained, present stocks in Rhodesia are sufficient for three months' consumption at normal rates (assuming no further sales to Zambia and Malawi occur), and could perhaps be stretched to last up to six months. No quick effect on the Rhodesian economy could therefore be obtained from an oil embargo.

10. Apart from their effect on employment, further sanctions, say to the extent of covering a further £20 million of Rhodesia's exports, might have a disproportionately adverse effect on confidence. The Rhodesians have already taken all the easy steps to deal with the situation. Further sanctions would bring out clearly the inability of the regime to maintain economic activity at a high level. The steps they would need to take, such as rationing industrial supplies, tightening import controls, rationing credit more strictly, and makeshift attempts to create employment, would risk appearing unsuccessful, as well as being very unpopular. It is doubtful whether the administrative machine in Salisbury could handle the physical task of extended controls. Once unemployment became widespread and the economy run down, individual Rhodesians would face difficulties over mortgages, hire purchase, etc., and bankruptcy might face small businesses.

11. Even in these circumstances, however, provided the Rhodesians were not denied any vital import, they could maintain a siege economy for a considerable period of time. This would probably entail much self-sacrifice on the part of the individual white Rhodesian, and the economic situation would have all the trappings of a war-time economy, including probably a fairly rapid rate of inflation. It is open to doubt whether the Rhodesians would wish to carry their rebellion to this extreme but this contingency cannot be ruled out as a theoretical possibility.

CONCLUSIONS

Present Sanctions

(i) Present sanctions will hit certain sectors of the economy hard in January and their effect will become more widespread in February and March.

(ii) Their effect on confidence internally in Rhodesia is unlikely to be felt until February and March.

Increased Sanctions

(iii) An increase in sanctions to the equivalent of covering at least a further £20 million or more of Rhodesia's exports can be expected from the success we are now having in persuading other countries to take effective action.

(iv) The effect of such an increase would be to sharpen the impact on the Rhodesian economy early in the New Year, although the full effect would not be felt until February and March. Since almost all inessential imports have already been eliminated, the new sanctions would have a more than proportionate effect in increasing the economic pressure on Rhodesia.

(v) The effect on confidence would be severe, and would be felt especially in February or March, although these further sanctions could precipitate a crisis earlier.

(vi) Even in the face of increased sanctions, provided the Rhodesians were not denied any vital imports, they could maintain a siege economy for a considerable period if they had the political will to do so.

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FROM: J.I.C. LONDON DTG: 1640 (GMT) 17/12/65

TO: B.D.S. WASHINGTON

TELNO: JIC 1252

DATED: 17TH DECEMBER, 1965.

PRIORITY

S E C R E T

FOR SECRETARY JILC FROM SECRETARY.

REFERENCE ZO 347, DTG 161625. — 47

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J. I. C.

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NOTE OF MEETING BETWEEN THE MINISTER OF STATE AND SIR DOUGLAS MARSHALL, AT THE COMMONWEALTH RELATIONS OFFICE ON 9 DECEMBER, 1965

Also present: R.L.B. Cormack.

Sir Douglas Marshall had just returned from a visit to East and Central Africa. In Zambia he had met President Kaunda, whom he knew, and other influential Zambians. He had found overwhelming anxiety about the safety of Kariba. It was of interest that Rhodesia was not felt to be the only quarter from which sabotage might be expected.

In Rhodesia, where he had spent two weeks, Sir Douglas had met the heads of all the commercial banks, most of the leaders of the business community, and two of Smith's régime - Rudland and Van der Byl. He had also met a lot of people at managerial level. In discussion Sir Douglas made the following points:-

(a) The financial restrictions were biting deep, and the lack of credit was widely felt.

(b) The small tobacco farmerwould go under next year, and the large one would not survive beyond next year.

(c) Because of the general censorship of news media, Rhodesians generally were largely unaware of the views of the rest of the world.

(d) A large number of people of the managerial class were against Smith, but would not indicate any disaffection at least until the artisan class had begun to feel the squeeze more severely.

(e) All the apparatus of the Police State already existed in Rhodesia.

(f) Most of Smith's backers had their money in South Africa, and had always been violently anti-British. Smith was a courageous fool, but honest - his backers were dishonest men.

(g) Amongst those loyal to the Governor, Mr. Evan Campbell was the most influential. He had not yet declared his hand, but it was felt he would play a central part in any move to oust the Smith régime - which would not last beyond March.

(h) The régime was alleged to have asked the Portuguese Government for £12 million. They had got a sympathetic hearing but no funds, and this had also been the case when they asked South Africa.

(i) Both Garfield Todd and Sir Roy Welensky were utterly discredited throughout Rhodesia.

/Finally

Finally Sir Douglas said that he had one thought to offer on Kariba, though it might be a non-starter, and that was that it might be guarded with unarmed soldiers. This had been done in various parts of the world where it was necessary to guard the headwaters of rivers.

The Minister of State said that this was an interesting idea, and that he had found the discussion generally illuminating and useful. He thanked Sir Douglas for coming to see him.

COMMONWEALTH RELATIONS OFFICE,
10 December, 1965.

Distribution: Mr. Forster
Mr. MacInnes
Miss Ellis
Sir A. Snelling
Sir A. Clark
Mr. Watson
Mr. Walsh Atkins
Mr. Neale
Mr. Whitley
Mr. Clinton Thomas
Mr. Allan
Mr. Wright (No. 10)
Mr. Le Quesne (F.O.)

S1F 44

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CABINET OFFICE,
London, S.W.1.

16th December, 1965.

IMMEDIATE

219/3

MR. L.B. WALSH-ATKINS, C.R.O.
MR. J.M. VERNON, D.E.A.
MR. D.F. LOMAX, D.E.A.
MR. R.L. SHARP, TREASURY
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MAJOR P. WALSH, M.O.D.
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MR. G.A.V. TROMBETTI, G.C.H.Q.
MR. S.W. PAYTON, BANK OF ENGLAND
MR. R.P. FENTON, BANK OF ENGLAND

THE EFFECT OF SANCTIONS ON RHODESIA:
THE PRESENT LEVEL OF SANCTIONS

The attached memorandum, prepared by the Department of Economic Affairs, is circulated for your consideration at the meeting of the Working Group at 11.30 a.m. on FRIDAY, 17th DECEMBER, 1965.

(Signed) J.P. FOSTER

Additional Circ.
Al Sec 2
Al Sec 3
4 F.

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THE EFFECT OF SANCTIONS ON RHODESIA

THE PRESENT LEVEL OF SANCTIONS

The main features of the present level of sanctions on Rhodesia are as follows.

(a) Rhodesia's exports

The United Kingdom has banned virtually all imports from Rhodesia, covering a level of trade which reached £30 million in 1964.

17 other countries (Japan, Australia, Malaysia, Denmark, Norway, Sweden, Hong Kong, Singapore, France, Trinidad, Jamaica, New Zealand, Italy, Nigeria, Libya, and Germany, together with other United Kingdom colonies) have banned imports of Rhodesian tobacco, which totalled about £12 million in 1964.

9 further countries are confidently expected to ban further tobacco imports totalling £4 million.

Other imports from Rhodesia, totalling about £5 million in 1964 have been banned, or are almost certain to be banned, by 14 countries or more.

In all, therefore, £50 million of Rhodesia's normal exports (about 40 per cent of the total) are covered, or are almost certain to be covered, by bans imposed by a large number of countries.

(b) Financial measures

The financial measures imposed by the United Kingdom will prevent the rebel regime from obtaining access to the bulk of the Rhodesian reserves held abroad. They are therefore forced to live on current earnings. The ban on invisible payments to Rhodesia reduces Rhodesia's annual receipts by a further £8 million. Rhodesia will also be unable to obtain the usual short-term net capital inflow of about £10 million from the United Kingdom during the winter months when Rhodesia's exports are seasonally low.

(c) Other measures

Restrictions on exports to Rhodesia, including oil, are not yet significant (15th December), and therefore their effects are not considered here.

2. The consequence of these measures is that Rhodesia needs to reduce her level of external payments by £60 million, over a whole year. The reduction in spending will need to be greater in the next few months, say at an annual rate of £70-80 million, in view of the loss of the usual net capital inflow over the winter.

Rhodesian counter-measures

3. The two main counter-measures taken by the rebel regime have been a ban on most invisible payments abroad, especially to the United Kingdom, which should save about £25 million over a full year, and the imposition of import-licensing. In view of the

reduction in Rhodesia's foreign exchange receipts, import-licensing therefore needs to be used to the extent of reducing visible imports over the next few months by about £45-55 million, measured at an annual rate.

The Effect on the Rhodesian Economy

4. The required cut-back in Rhodesia's imports has necessitated almost a complete cessation of imports of consumer goods (about £40 million in 1964) and some reduction in imports of transport equipment, spares, raw materials, intermediate goods, and other industrial items (these totalled £80 million in 1964). The major effects on the economy of this loss of exports and reduction in imports are as follows:-

(a) Employment

The commercial sector, which employs about 24,000 Europeans, Coloureds and Asians, will be hit hard immediately by the restrictions on international trade, and in particular by the reduction in imports. Heavy unemployment will appear as soon as present stocks have been drawn down, which will be in January. In manufacturing, some unemployment will appear through reductions in production caused both by the partial loss of markets such as Zambia where Rhodesia has now lost the benefits of Commonwealth Preference, and by difficulties in obtaining supplies of raw materials because of reduction in the import quotas. The agricultural sector will be faced with the prospect of sharply reduced outlets, but no great reduction in the level of activity is expected in the near future, although some under-employment may appear. The tobacco farmers will, for example, be planting about three-quarters the normal crop, despite the lack of markets. The result of all these factors is likely to be heavy unemployment in the commercial sector, with increasing unemployment in manufacturing, probably building to a peak, under present sanctions, in February and March. The Rhodesian Gross National Product will then be running about a fifth, or more, below normal levels.

(b) Confidence

The evidence so far available shows that lack of confidence in the ability of the Smith regime to deal with the economic situation and to stay in power in the face of sanctions may be spreading slowly from business and financial circles to the rest of the country. The extent to which loss of confidence is felt by the man-in-the-street depends on several factors, whose effects are difficult to assess. For example, mass confidence would be unlikely to be lost before sanctions had had any significant effect on the economy. This puts the earliest date for a loss of confidence as January. The loss of confidence would depend greatly on the extent to which all Rhodesians were informed of the actual extent and potential effect of sanctions, and in particular on their knowledge of the dismal prospects for tobacco sales from the next crop. Our information effort will of course be geared to ensuring that Rhodesians are fully informed of the sanctions imposed. Confidence will also depend on the direct effect of sanctions. The stronger the sanctions the more likely a loss of confidence. Finally, the likelihood of a widespread loss of confidence would depend on the extent to which the rebel regime appeared able to handle the situation with reasonable

success and confidence. The regime's ability to do this would decrease as sanctions were tightened. Taking these factors into account, it appears unlikely that the present level of sanctions could hope to bring about a mass loss of confidence before February or March.

INCREASED SANCTIONS

5. Sanctions on Rhodesia may be tightened in several ways.

(i) Rhodesia may be denied a wide range of necessary supplies such as industrial raw materials and machinery, as through a ban by the United Kingdom on exports of machinery and parts to Rhodesia.

(ii) The number of countries banning inports from Rhodesia may be increased, or the countries at present banning such imports may extend the scope of their ban. At the moment we may reasonably expect as the result of H.M. Government's current policies that at least a further £20 million or more of Rhodesia's exports will be covered in this way in the near future. The theoretical maximum - if all countries except Zambia and Malawi, South Africa, and the Portuguese colonies in Africa banned almost all imports from Rhodesia, - would be a further £30-35 million reduction in Rhodesia's exports.

(iii) Rhodesia may lose a vital import, such as oil.

The Effect of Increased Sanctions

6. The effect of increased sanctions would depend on the form and extent of the increase. In view, however, of the extent to which the Rhodesians have already eliminated almost all consumer goods imports and imports of other inessential items, any further sanctions would have the effect of forcing them to cut back on essential imports, and therefore on manufacturing production. This would lead to deepening unemployment in the manufacturing sector, which now employs about 24,000 Europeans, Asians and Coloureds.

7. The effect of an additional reduction of about £20 million in Rhodesia's export outlets would be to cause a further reduction of up to 15-20 per cent in the level of manufacturing employment. Similar effects would be obtained if Rhodesia were denied essential supplies, such as car kits for assembly and other industrial raw materials, through action by the United Kingdom in banning exports of machinery. If other countries were to reduce Rhodesia's exports by more than £20 million correspondingly larger effects on employment would result. An effective ban on oil would, once stocks were exhausted, bring the economy to a standstill. Since, however, stocks may be large enough for six months, no quick effect may be obtained.

8. Apart from their effect on employment, further sanctions, say to the extent of covering a further £20 million of Rhodesia's exports, would have a disproportionate adverse effect on confidence. The Rhodesians have already taken all the easy steps to deal with the situation. Further sanctions would bring out clearly the inability of the regime to maintain economic activity at a high level. The steps they would need to take, such as rationing industrial supplies, tighter import controls, tighter rationing of

credit, and makeshift attempts to create employment, would risk appearing unsuccessful, as well as being very unpopular. It is doubtful whether the administrative machine in Salisbury could handle the physical task of extended controls. Once unemployment became widespread and the economy rundown, individual Rhodesians would face difficulties over mortgages, hire purchase etc., and bankruptcy might face small businesses. In these circumstances the typical European would become very disenchanted with the regime. Emigration to South Africa could be expected from many of those able to go.

CONCLUSIONS

Present Sanctions

(i) Present sanctions will hit the economy hard in January and will build up to a climax in February and March.

(ii) Their maximum effect on confidence internally in Rhodesia is unlikely to be felt until February and March.

(iii) It is possible but unlikely, that the rebel regime would be able to remain in office under the long-term effect of present sanctions.

Increased Sanctions

(iv) An increase in sanctions to the equivalent of covering at least a further £20 million or more of Rhodesia's exports can be expected from the success we are now having in persuading other countries to take effective action.

(v) The effect of such an increase would be to sharpen the impact on the Rhodesian economy early in the New Year, although the full effect would not be felt until February and March. These new sanctions would intensify, disproportionately, the economic pressures on Rhodesia since almost all inessential imports have already been eliminated.

(vi) The effect on confidence would be severe, and would be felt especially in February or March, although these further sanctions would precipitate a crisis earlier.

(vii) It is extremely unlikely that the rebel regime would be able to survive such an intensification of sanctions.

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JOINT INTELLIGENCE COMMITTEE

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RHODESIA INTELLIGENCE WORKING GROUP

At the Working Group's meeting at 3.30 p.m. on Tuesday, 14th December, 1965 the following points were made in discussion:

(a) The Commonwealth Relations Office were now preparing daily summaries of Miscellaneous Information on Rhodesia for use within the C.R.O. and elsewhere by those who did not have time to read the flood of current material. Those interested in obtaining copies for their own departments should contact Mr. R.A.R. Barltrop, C.R.O.

(b) Since some items, classified below Secret, in the Working Group's assessments might be useful for publicity purposes, the Working Group should inform the appropriate Committees of items suitable for attributable and unattributable use;

(c) Ministers would find it useful to have a periodic summary, similar to those already produced on tobacco and sugar, of embargoes placed on miscellaneous products including those imposed by the United Kingdom. The summary should also list other potential embargoes;

(d) The D.E.A. paper on the effects of economic sanctions, considered by the Working Group last week, had now also been considered by Sir E. Roll's Committee. A redraft was now in course of preparation.

The Working Group:

(1) Took Note

(2) Invited the Chairman to inform Sir A. Clark of items suitable for use by his Information Policy Committee.

(3) Invited D.E.A. to prepare a summary, in chart form as at (c) above.

(4) Invited D.E.A. to prepare a redraft of the paper on sanctions for circulation to members of the Working Group before the next meeting.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.
15th December, 1965

DISTRIBUTION
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J.I.S. ('B' Team)
Rhodesian Intelligence Working Group Members
Rhodesia C.I.G. Members
Sir A. Clarke, C.R.O.
Mr. N.D. Watson, C.R.O.
Mr. J.E. Fraser, Cabinet Office

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JOINT INTELLIGENCE COMMITTEE

SPECIAL ASSESSMENT

RHODESIA

The Africa Current Intelligence Group met at 11.45 a.m. on Tuesday, 14th December, to consider the Rhodesian situation. The following is their report -

EXTERNAL

Zambia (SECRET)

2. Kenyatta is reported to believe that Kapwepwe is pressing Kaunda to sever relations with Her Majesty's Government on 15th December and is being encouraged by Kambona, Chairman of the O.A.U. Committee of Five, to do so. There are also unconfirmed reports circulating in Zambia that Kaunda is in difficulties inside his Cabinet; this coupled with external African pressures upon him, might force him to make some gesture about breaking off diplomatic relations. We believe, however, that Kaunda is still able to resist these pressures for the time being. It is reported that, at the recent meeting between Kaunda and Nyerere, it was agreed that Zambia should not break off relations, although Tanzania should do so.

3. It has been reported that expatriate morale in Zambia, particularly in the Defence Forces, has been adversely affected by a number of recent events. These include continuing anti-European activity by the Zambian Youth Service at Livingstone and the implications of Kaunda's speech in Parliament on 10th December calling for a crash expansion programme for the Defence Forces. Subsequent discussions within the Defence Department have included the possibility of forming another battalion from the Police Mobile Units and of raising armed levies throughout the country, which may lead to a decline in Army efficiency and its direct involvement in internal security duties. Lastly Kaunda has so far failed to honour an assurance given to the Army and Air Force Commanders that in his next public speech he would reaffirm his confidence in the continued requirement for expatriates in the Services.

SECRET

O.A.U. (CONFIDENTIAL)

4. Guinea has now announced that she must support the O.A.U. resolution on diplomatic relations with Her Majesty's Government because the honour and dignity of Africa are at stake. She must therefore be considered the non-Commonwealth country most likely to break relations on 15th December. Reports from Algeria suggest that she is adopting a similar attitude. The attitude of Congo (Brazzaville) remains in the balance. The U.A.R. has called for a meeting of O.A.U. Heads of State to discuss the implementation of the Addis Ababa resolution.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.
14th December, 1965

This assessment has been telegraphed to H.M. Embassy, Washington, C.I.A. Washington and POMEC Aden and sent by bag to the following posts -

F.O. Posts - Addis Ababa, Algiers, Bonn, Benghazi, Cairo, Conakry, Dakar, Khartoum, Leopoldville, Lisbon, Lome, Paris, Pretoria, Rabat, Tokyo, Tripoli, Tunis, U.K. Del. NATO, U.K. Mission, N.Y.

C.R.O. Posts - Accra, Canberra, Dar-es-Salaam, Kampala, Lusaka, Lagos, Nairobi, Ottawa, Wellington, Zomba.

M.O.D. Post - C-in-C South Atlantic and South America.

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JOINT INTELLIGENCE COMMITTEE

RHODESIA INTELLIGENCE WORKING GROUP

At their meeting at 11.30 a.m. on Friday, 10th December, 1965 the Working Group -

(1) Agreed that there was no objection in principle to economic assessments, prepared by the Working Group, being passed to the United States, Canadian, Australian and New Zealand authorities, subject to the excision of certain paragraphs as necessary.

(2) Instructed the Secretary to make appropriate distribution arrangements for future assessments.

(3) Invited the Foreign Office and Board of Trade to consult on what advice and instructions should be given to Her Majesty's posts in West Germany, to enable Her Majesty's Government to keep a check on the Bremen tobacco marketing centre, in view of Ministerial interest in any Rhodesian efforts at Bremen to sell tobacco.

(4) Invited the Commonwealth Relations Office to consider what action should be taken on a draft, prepared by A.D.I.(L), Ministry of Defence, about the Kariba Dam.

(5) Took note that ~~D.E.I.~~ MoD (ADI(L)) would maintain contact with the contractors involved in the construction of the Kariba Dam.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

13th December, 1965.

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FROM: J.I.C. LONDON DTG 13.30 (GMT) 13/12/65

TO: B.E. WASHINGTON

INFO: B.H.C. OTTAWA

TELNO: JIC 1230

DATED: 13TH DECEMBER 1965

ROUTINE

C O N F I D E N T I A L.

219/3

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2. PLEASE PASS TO U.S. AUTHORITIES COPIES OF JIC/997 AND JIC/1017/65

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MR D.M. MARCH (FO)

MR L.J. HOOPER (280A)

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FROM. J.I.C. LONDON. DTG. 12.35 (GMT) 9/12/65.

TO. BRITISH EMBASSY, WASHINGTON.

TELNO. JIC 1221.

DATED. 9TH DECEMBER, 1965.

ROUTINE.

T O P S E C R E T COMINT CHANNELS. 219/3.

FOR WESTLAKE. FROM SECRETARY J.I.C..

REFERENCE: SPECIAL POLITICAL ASSESSMENTS ON RHODESIA.

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2. IN MEANTIME GRATEFUL IF YOU WOULD PASS COPIES OF FOLLOWING TO AMERICANS: JIC/936, 950, 966, 978 (LESS ANNEX), 987, 992, 1002 AND 1009/65 (BUT NOT, REPEAT NOT, 1019/65).

3. WILL NOTIFY IN DUE COURSE IF AND WHEN RHODESIA ECONOMIC ASSESSMENTS BECOME RELEASABLE TO U.S.

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MR. D.M. MARCH, FOREIGN OFFICE.

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JOINT INTELLIGENCE COMMITTEE

THE CAPABILITY AND LIKELY ACTIONS OF AFRICAN STATES IN REGARD TO RHODESIA IN THE SHORT TERM

The Note attached at Annex was prepared by the Joint Intelligence Staff in consultation with other Departments and approved by the Joint Intelligence Committee.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

10th December, 1965.

DISTRIBUTION

J.I.C.
Rhodesia: Political Assessment
Canadian, Australian and New Zealand Authorities (including London Representatives)

Rhodesian C.I.G. Distribution.

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ANNEX to
J.I.C./1029/65

THE CAPABILITY AND LIKELY ACTIONS OF AFRICAN STATES IN REGARD TO RHODESIA IN THE SHORT TERM

Note by the Joint Intelligence Staff

In this note we attempt an assessment of the capabilities and likely actions of African states in the light of the meeting of the O.A.U. Council of Ministers held at Addis Ababa from 3rd-5th December. So far as political actions are concerned we do not attempt to look beyond the end of the year.

MEETING OF O.A.U. COUNCIL OF MINISTERS

2. The O.A.U. Council of Ministers decided "that if the United Kingdom Government has not crushed the rebellion and restored law and order in Rhodesia, thereby preparing the way for a majority Government before 15th December, 1965, all the member states of the O.A.U. will break off diplomatic relations with Britain". The resolution contains no stipulation that relations must be broken off on 15th December. The meeting also decided that O.A.U. States should immediately undertake a complete economic blockade of Rhodesia (details of this resolution are at Appendix). The only O.A.U. countries not represented in Addis Ababa were the Gambia and Ruanda.

3. The decisions of the O.A.U. Council of Ministers are likely to be subject to considerable variation in interpretation by the governments of member states.

ECONOMIC MEASURES

4. The economic measures will cost the African governments little with the exception of Zambia and Malawi; with the exception of Malawi they are likely to be implemented. Kenya and Nigeria had indeed already announced a complete trade embargo before the O.A.U. Council's resolution. Uganda has also announced such an embargo but we have no evidence whether the decision was taken in advance of the Addis Ababa meeting. On 6th December, Zambia announced that she was imposing an import licensing scheme with effect from 12th December. This could eventually affect 95 per cent of her imports. In this case too preliminary planning had taken place in advance of the O.A.U. Meeting. Measures taken by African governments to deny overflying rights to civil airlines flying to Rhodesia, and against Rhodesian cargoes in transit by sea could have some effect on the Rhodesian economy; the other measures envisaged, except those which may be taken by Zambia and possibly Malawi, can have only a marginal effect.

POSSIBLE POLITICAL ACTION

5. Although the O.A.U. Council meeting carried unanimously the resolution calling for the rupture of diplomatic relations with Britain if she has not taken action against Rhodesia by 15th December, the response of African governments is much less certain. In Addis Ababa the representatives of certain countries favoured an immediate break with Britain. They were, both Congos, the U.A.R., Somalia, Ghana, Algeria, Uganda, Tanzania, Senegal and the O.C.A.M. States. Others, Ethiopia, Nigeria, Malawi, Libya, Zambia, Malagasy, Morocco, Tunisia, favoured deferment until 15th December. The representatives of Kenya, Malawi and Libya are reported to have had considerable reservations about the resolution and to have voted for it only under pressure to preserve unanimity (the Libyan delegate left while the vote was taking place).

Commonwealth States

6. It is not clear to what extent the representatives at the Council meeting had considered the implications of breaking diplomatic relations. In the case of the representatives of Commonwealth countries the Kenyan representative (Murumbi) originally proposed that action should be confined to Commonwealth countries withdrawing their High Commissioners from London, and that trade, and above all British aid would continue unaffected. Others seem to have had differing ideas as to the effect of a diplomatic break upon their country's membership of the Commonwealth.

7. All Heads of State except Nyerere appear to have been embarrassed by the performance of their representatives at Addis Ababa. Since the meeting only President Nyerere has said firmly that he will break relations with a full realisation of the implications in terms of loss of aid and assistance and departure from the Commonwealth if Britain does not act militarily against Rhodesia by 15th December. The Ghanaian representative at the Addis Ababa meeting drew a distinction between breaking off diplomatic relations and leaving the Commonwealth, implying that the former did not necessarily involve the latter. However Ghana is likely to continue to take a hard line and there are now some signs that she may be considering leaving the Commonwealth without breaking off diplomatic relations with Britain. There are indications that the Prime Minister of Sierra Leone may not stand by the statement by his representative in support of the O.A.U. resolution. The Ugandan Government quickly toned down the supporting statement made by their representative and are still considering what action they should take.

8. Nigerians at the official level consider the resolution to be absurd, and that the problem for responsible governments is to decide urgently on means of getting out of it. They have suggested that a meeting of Commonwealth Prime Ministers or External Affairs Ministers might provide a means.

Indications at present are that the Nigerians are not considering breaking off diplomatic relations. Dr. Banda has always poured scorn on the idea of African military action against Rhodesia and is in any case dependent on Britain for the maintenance of his internal position. He is most unlikely to break off relations. The Gambia is also heavily dependent on continuing British aid, was not present at the Council meeting and is unlikely to break with Britain.

9. It would be extremely difficult in present circumstances for Zambia to break relations given her present reliance on Britain for implementing contingency plans should Rhodesian power, coal or rail services be denied. Zambia would also forfeit the presence of the R.A.F. in Zambia should she break off relations. There may well be substance in the press reports that Kaunda has written to African Heads of State pointing out the difficulties which will be created for Zambia if they break off relations with Britain.

10. We think that only Nyerere, who has already publicly committed himself, and possibly Nkrumah, would be prepared for political and emotional reasons to deprive their countries of the material advantages of Commonwealth membership. There have been signs that Nyerere may be regretting his extreme declarations, but nevertheless Tanzania may well break off diplomatic relations shortly after 15th December; Ghana may decide to leave the Commonwealth without breaking off relations. Some of the other African members of the Commonwealth may feel that a token gesture of disapproval, such as withdrawing their High Commissioners from London, will satisfy the O.A.U. resolution.

Foreign States

11. The Emporer of Ethiopia took a more militant line than we might have expected, and Ethiopia will find it difficult not to act in accordance with the majority of African States. The U.A.R. is probably uneasy about the O.A.U. resolution. The Egyptians have told us that if many leading Black African countries break relations they are likely to follow. They have said however that if it comes to the point consular and cultural personnel could continue to function under a protecting power. The reaction of the ex-French territories has borne out the thesis that there are no moderates in Africa on the subject of Rhodesia. Few of them would be seriously affected by a rupture of diplomatic relations, but most of them are likely to wait and see which way the tide is flowing.

Possible Effects on British Ability to Help Zambia

12. The movement of British forces from the United Kingdom to Zambia depends mainly on the use of one of the following routes -

Libya-Sudan-Kenya or Uganda-Tanzania or Congo (L)

or

Libya-Niger-Nigeria-Congo (L) or Angola.

The CENTO route to Aden presents grave difficulties for certain aircraft (Shackletons, Beverleys, Hastings and Hunters), especially in winter; but will remain available to Britannias and Comets. However the maintenance of a British force in Zambia depends essentially on the use of medium range transport aircraft from the base in Aden. For this purpose we require staging rights in Kenya or Uganda, and overflying rights in Ethiopia (though at worst the Horn of Africa could be circumnavigated with a reduced payload) and either Tanzania or Uganda/Congo (L).

13. If all O.A.U. countries were to implement fully the Addis Ababa resolution it would in theory be impossible to maintain British forces in Zambia. But in practice we do not expect them all to do so. The essential requirement is to retain normal facilities in Kenya. In addition it would be highly desirable to retain overflying rights in Ethiopia, the Sudan and Niger, and staging rights in Libya and Nigeria. Provided we are thus prepared if necessary to overfly without permission either Tanzania or Uganda/Congo (L) there should be no insuperable difficulty. In the worst case the only alternative to overflying some O.A.U. country without permission would be to supply the force by sea through South Africa or the Portuguese territories.

14. Denial to us of the use of Tanzanian ports and airfields would seriously handicap our effort to support the Zambian economy. At worst if there were a mass exodus of British officials from Tanzania the Tanzanian administration would almost certainly be unable to compete effectively with their part in contingency plans for the support of Zambia.

AFRICAN MILITARY CAPABILITIES

15. We see no reason to depart from the assessment of African military capabilities against Rhodesia given in J.I.C.(65)73 Appendix B and Appendix C. The maximum force which might be provided for operations against Rhodesia by African countries would consist of some fourteen battalions and a few transport aircraft. It would be very weak in command and control resources and administrative support, and would not present a serious military threat to the Rhodesian forces.

16. The air move of such forces would depend on the limited transport support which might be made available from the U.A.R., Ethiopia or Ghana. It is considered that since Algeria would be dependent on Russian aircrews, her transport force is not likely to be made available. The assessment of the military air lift capabilities of these countries remains as given in J.I.C.(65)73. Ghana might be restricted in the use of her small military transport force if for any reason the R.A.F. element of the British Joint Services Training Team could not be used for all the planning and staff work required by the move, which in her case would involve complicated staging arrangements.

17. All three countries could increase their capability by the use of civil aircraft, but only the U.A.R. could do so without using expatriate aircrews, at least if the full effort was required. We do not know whether the Western (mainly British) aircrews of all three airlines, and the Russians in Ghana Airways, would be prepared to take part in a military operation, however free of risk.

18. The move of African troops to Zambia would be a lengthy process, partly owing to the necessity for preliminary preparations, and partly due to the shortage of transport aircraft. African military commanders and the more sober-minded politicians are now taking a relatively realistic view of the practical difficulties, though they may not yet be willing to face up to the fact that they cannot win a military victory without white help. To illustrate African appreciations of the problem, the Permanent Secretary to the Nigerian Ministry of Foreign Affairs considers that it would be impossible to deploy a force in Zambia without four months' preliminary preparations, and Ghana is believed to be thinking in terms of four to six weeks for the move of a force of 1,400 men. However, advance parties could arrive in a much shorter period.

19. There is a theoretical possibility of moving troops to Zambia by sea to Dar-es-Salaam and thence by rail and road through Tanzania. But it is very doubtful whether Africans could overcome the logistic problems in any reasonable time scale, nor do they possess the necessary vehicles to mount and sustain a force by this means.

POSSIBLE MILITARY DEVELOPMENTS

20. The O.A.U. Committee of Five established to give effect to the O.A.U. Heads of State resolution on Rhodesia is believed to have appointed a Committee of military advisers, including a Ghanaian representative, to plan the use of force against Rhodesia. The Chiefs of Defence Staff of the countries represented are reported to have held a preliminary meeting in Addis Ababa. The Ghanaians believe a further meeting will be held soon in Accra. The objectives of the O.A.U. in threatening the use of force against Rhodesia appear to be: to demonstrate African determination to bring about the fall of the Smith regime and provoke a more positive response from Britain. They probably realise that any O.A.U. force would be militarily ineffective but if one were eventually assembled they would hope that it could at least provoke incidents which could justify the United Nations in finding a "threat to peace".

21. Kaunda is conscious of the danger of racial war, but he will be under heavy pressure to allow the O.A.U. to solve an African problem. An O.A.U. force could only operate against Rhodesia from Zambia, and African countries could only send troops to Zambia at the invitation of the Zambian Government. There is no likelihood of Dr. Kaunda inviting them unless negotiations for the provision of British troops finally break down. Although it is possible that Kaunda might invite the United States and the Soviet Union to provide troops, he has himself said that neither would be satisfactory, the United States because they were NATO allies of Britain, and the Soviet Union because of the dangers of bringing ideological war to Africa.

22. Zambian negotiations with Britain are only likely to break down over Britain's refusal to take over the Kariba installations by force. If as a result O.A.U. troops were invited to Zambia they would inevitably come with the declared intention at least of taking Kariba. They may be unable, for sound military reasons, to take any steps towards carrying out this intention, but in practice they would assist the preparation of a subversive attack on Rhodesia. Kaunda himself might hope that the R.A.F.

force would remain available to defend Zambia against possible Rhodesian retaliation for any action against Rhodesia by the O.A.U. force, and consequently not demand its withdrawal. He might however demand assurances that it would be so used.

23. Kaunda has said that if he were to ask for military help from outside he would prefer it to come from his neighbours, by which he presumably means the East African countries. Of these Malawi for political reasons would certainly not provide troops; Kenya would be most reluctant to do so, though she might be able to make available a battalion for a limited period only; Uganda would seriously consider contributing, but might well be prevented by practical difficulties. Tanzania is the most likely to offer troops, even though Nyerere has been warned that the Tanzanian Army is not in fact in a position to provide an operational unit and some embarrassment has been expressed in Tanzania about the inadequacy of the contribution Tanzania could make.

24. Elsewhere in Africa only Ghana is certain to offer a contingent, probably of a battalion in the first instance. Given Ethiopia's position at the centre of the O.A.U. she may well be ready to provide a force of one or perhaps two battalions. However the Emperor would do so with some reluctance, not least because of Ethiopia's internal problems and troubles with the Somali Republic. Guinea would probably be willing to furnish a contingent, but would probably be prevented by practical problems, at least during the period under review. Nigeria is unlikely to offer troops, at least in the first instance. The U.A.R. has a very good understanding of the financial and logistic problems of military action, is still involved in the Yemen, and is probably unwilling to incur American displeasure which might endanger their recent agreement for wheat supplies. The U.A.R. is therefore most unlikely to offer troops, and may even be unwilling to provide transport aircraft.

25. Thus the maximum O.A.U. force which could be assembled in Zambia during the next three months would be of the order of four battalions without air support. It would be altogether incapable of taking Kariba or of carrying out any effective operations in Rhodesia. It might nevertheless be able to provoke incidents in border areas, in support of the possible O.A.U. aim of creating a "threat to peace" in the eyes of the United Nations.

26. An immediate result of the arrival of any appreciable O.A.U. force, i.e. more than mere advance parties, would be the resignation of the great

majority of the white officers of the Zambian Army. The attitude of the seconded British Army officers, about a quarter of the whole, would depend largely on their instructions from the British Government. If they remained the Zambian Army would retain cohesion but would become militarily ineffective: if they left it would become a rabble. The police force has only a small number of expatriate officers, who are British and unlikely to remain unless expelled by the Zambians or encouraged to resign by the British Government. Even without them the police should be able to maintain order in a reasonably stable situation, but would be gravely handicapped by the loss of effective army support on which they rely to deal with serious and widespread internal security trouble. The resignation of white officers would almost certainly be followed by the departure of a considerable proportion of the Rhodesian and South African civilian expatriates, especially from the copper belt, with disastrous effects on the Zambian economy.

27. Kaunda is aware of the dangers which would follow the introduction of an O.A.U. force, and of the risk of communist or communist-aligned participation in a United Nations force. He will do his best to avoid provoking these dangers, and it is not inconceivable that he might in the end accept a British commitment to use force to take over the Kariba Dam installations only if the Rhodesians interfere with power supplies. However, he is to a considerable extent the prisoner of his own emotions and subject to pressures beyond his control.

28. However, if Kaunda agreed to accept an O.A.U. force it would not be long before it became apparent both to Zambia and the countries providing the troops that the force could fulfil no useful military purpose. The logistic difficulties and expense would make all O.A.U. countries reluctant to provide any significant reinforcements, even if they were able to do so. The inevitable result would be an appeal to the United Nations for additional help from outside Africa. There is a report that the Committee of Five is already considering a possible reference to the Security Council.

CONCLUSIONS

29. Our general conclusions are that -

(a) in spite of the unanimous resolution of the O.A.U. it is doubtful whether many African States other than possibly Tanzania will in the event break off diplomatic relations with Britain before the end of the year, but Ghana may decide to leave the Commonwealth without breaking off diplomatic relations;

(b) even if certain countries do declare that they are breaking off diplomatic relations with Britain they will probably hope that in practice relations need not be greatly affected and will certainly hope to avoid a complete severance;

(c) all O.A.U. States, except perhaps Malawi, will carry out the economic measures agreed upon. Only in the case of Zambia could these have much effect on Rhodesia;

(d) Dr. Kaunda is most reluctant to invite any outside troops to Zambia other than British, but still insists that British troops should take over the Kariba installation, by force if necessary; he would only consider inviting a O.A.U. force if negotiations for British troops break down;

(e) the objectives of the O.A.U. in threatening the use of force against Rhodesia appear to be to demonstrate African determination and to provoke a more positive response from Britain. If an O.A.U. force is eventually assembled in Zambia the African States may hope it could create a situation which would justify the United Nations in finding "a threat to peace";

(f) It is unlikely that any significant O.A.U. force could be established in Zambia in less than six weeks; a maximum of four battalions might arrive over a period of three or four months. Thereafter its impotence would rapidly become apparent and result in early attempts to secure United Nations intervention;

(g) on balance we believe that it is more likely that no O.A.U. military force will be sent to Zambia during the next three months and that there will be an increasing African disposition to transfer the problem to the United Nations;

(h) the introduction of any significant O.A.U. force would result in the resignation of the majority of white officers in the Zambian Army, making it ineffective, and probably in the departure of a considerable proportion of white civilians, with disastrous effects on the Zambian economy;

(j) if a Tanzanian severance of relations resulted in a denial to Britain of the use of Tanzanian ports and airfields our ability to carry through contingency plans for supporting the Zambian economy would be seriously handicapped. In any case a break in relations may result in the departure of British personnel employed by the Tanzanian Government which would seriously affect administrative efficiency in Tanzania;

(k) the essential requirement for the maintenance of a British force in Zambia is the retention of staging facilities in Kenya, but it would also be highly desirable to retain overflying rights in a number of countries providing alternative routes from the United Kingdom, in Ethiopia and Tanzania, or Uganda and Congo (Leopoldville). If the last three refused overflying rights as a result of a severance of diplomatic relations a British force inZambia could be maintained only by overflying without permission or through South Africa or the Portuguese territories.

Appendix to Annex to J.I.C./1029/65

RESOLUTION OF THE O.A.U. COUNCIL MEETING AT ADDIS ABABA ON 3rd DECEMBER, 1965 ON ECONOMIC MEASURES TO BE AGAINST RHODESIA

(a) All members states of O.A.U. will immediately effect the complete blockade of Southern Rhodesia, so long as it remains under the present illegal Government of a minority of European settlers. The following specific measures will be taken -

(i) all economic relations including commercial arrangements and financial accords with Rhodesia will be suspended immediately;

(ii) the Rhodesian Government will, in particular, be refused all facilities regarding the sterling area;

(iii) all Rhodesian accounts in Banks in Africa will be blocked;

(iv) all travel documents issued or renewed by the present illegal government will be considered null and void;

(v) all means of transport, including the right of over-flying by aircraft, from or to Rhodesia will be suppressed and all air servicing facilities will be refused to them;

(vi) all member states of the O.A.U. will suspend all means of communication with Rhodesia, including cables, telephone, Telex and radio telephone;

(b) all member states have decided to launch an appeal to all friends of Africa to provide all means to aid and support measures destined to bring to an end the existence of the illegal Government of the minority European settlers;

(c) they had also decided to launch an appeal to all countries of the world to refuse oil and fuel supplies to Rhodesia under its present illegal Government;

(d) they had decided that all African countries and other friendly countries will utilise the radio and other communication media at their disposal in the service of the cause of the Africans of Southern Rhodesia;

(e) all member states of the O.A.U. would inform the Secretary-General of the measures adopted to execute the decisions formulated here, and transmit copies of all legislation and decision dealing with this subject;

(f) the African group at the United Nations will act to ensure that the paragraphs of these decisions, particularly item (e) (on refusal of oil and fuel supplies) will be adopted and applied by the appropriate organs of the United Nations.

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SPECIAL ASSESSMENT

RHODESIA

The Africa Current Intelligence Group met at 11.45 a.m. on Thursday, 9th December, to consider the Rhodesian situation. The following is their report.

INTERNAL (SECRET)

2. According to a usually reliable source feeling among British people and Rhodesians of British origin has swung sharply in favour of the Smith regime since the beginning of December. The primary reason has been anger over the British decision to stop the payment of pensions. This move turned most ex-Servicemen decisively against H.M. Government and Smith has exploited this to the full. The same source suggests that the few intellectuals and liberals are isolated and ineffective.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

9th December, 1965

This assessment has been telegraphed to H.M. Embassy, Washington, C.I.A. Washington and POMEG Aden and sent by bag to the following posts -

F.O. Posts - Addis Ababa, Algiers, Bonn, Benghazi, Cairo, Conakry, Dakar, Khartoum, Leopoldville, Lisbon, Lome, Paris, Pretoria, Rabat, Tokyo, Tripoli, Tunis, U.K. Del. NATO, U.K. Mission, N.Y.

C.R.O. Posts - Accra, Canberra, Dar-es-Salaam, Kampala, Lusaka, Lagos, Nairobi, Ottawa, Wellington, Zomba.

M.O.D. Posts - C.-in-C., South Atlantic and South America.

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Cabinet Office
London, S.W.1.

9th December, 1965.

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MR. S.W. PAYTON, BANK OF ENGLAND
MR. R.P. FENTON, BANK OF ENGLAND

RHODESIA
EFFECT OF SANCTIONS

The attached paper has been prepared by D.E.A. for your consideration at the Rhodesia Intelligence Working Group meeting at 11.30 a.m. on FRIDAY, 10th DECEMBER, 1965.

(Signed) J.P. FOSTER

Further Circ.

See
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A1Sec 3

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THE EFFECTS ON RHODESIA OF THE SANCTIONS IMPOSED BY THE UNITED KINGDOM AND OTHER COUNTRIES

Ministers have asked for an assessment of the effects on Rhodesia of the economic sanctions being imposed against her. This paper answers this request, covering the economic and political effects of both the present and increased level of sanctions.

ECONOMIC EFFECTS

Present Level of Sanctions

Balance of Payments

2. The action taken by the United Kingdom has deprived Rhodesia of exports of approximately £30 million a year, and the supporting action taken by other countries has deprived Rhodesia of a further £14.3 million of exports. Now that we have taken control of the Rhodesian Central Bank it will be more difficult for Rhodesia to use her reserves held outside the sterling area. The financial measures taken by the United Kingdom will prevent Rhodesia from obtaining, as she usually does, a short term net capital inflow of about £15 million from the United Kingdom during the winter months. Rhodesia has also lost invisible receipts valued at about £10 million from the United Kingdom but has been able to save on invisible payments mainly to the United Kingdom a sum of about £28 million. The net effect of these measures is that Rhodesia's foreign exchange earnings have now been reduced to the level where she can do no more than import what she considers to be essential items. The import of consumer goods has been almost eliminated. On the other hand Rhodesia has not been forced to cut back on imports of raw materials, etc., so that there is no threat so far to her level of manufacturing production.

Production and Employment

3. The sanctions imposed on Rhodesia's exports, and the consequent considerable reduction in Rhodesia's imports will cause underemployment in European agriculture, and probably considerable unemployment in the commercial sector. The level of output and employment in manufacturing is unlikely to be affected greatly.

Timing

4. The effects noted above will be felt in Rhodesia after the New Year when existing stocks have been run down and may reach their peak in February or March. It is out of the question for the full force of the effects to be felt within the next two or three weeks.

Increased Level of Sanctions

5. If the present level of sanctions were to be reinforced by, say, a further £20 million reduction in Rhodesia's exports, plus a withholding of some essential supplies from Rhodesia, then Rhodesia would be forced to cut back on what she now considers essential imports. Greater dislocation would occur in the economy, including probably the

/appearance.....

appearance of unemployment, mainly African, in the manufacturing sector. The effects would be felt most strongly after the New Year and perhaps in February or March.

POLITICAL EFFECTS

Present Level of Sanctions

6. The political effects of the present level of sanctions will not be felt until after the New Year when, for example, unemployment in commerce will begin to appear. There is likely then to be an increase in the level of emigration from Rhodesia, and widespread dissatisfaction at the economic situation. It remains doubtful, however, whether the situation would be so bad that those Rhodesians with jobs and roots in the country might not wish to stick it out. Despite the economic situation they might prefer the Smith regime to any alternative. If the Smith regime is determined to use its powers fully to take whatever steps seem necessary to retain power, they might be able to stay in power indefinitely despite widespread dissatisfaction.

Increased Level of Sanctions

7. If the level of sanctions is increased as outlined above, discontent can be expected in all sectors of the Rhodesian economy. Almost all faith in the ability of the Smith regime to direct the economy competently will probably be shaken. A higher level of emigration from Rhodesia could be expected. Even in this case, however, it would take one or two months at least from now for the sanctions to have their full effect, and it could be several weeks or months more, if at all, before the Smith regime might be unseated through political changes internally in Rhodesia, if they were determined to cling to power at all costs.

CONCLUSIONS

(i) The present level of sanctions will cause considerable difficulty in the agricultural and commercial sectors of the Rhodesian economy, but are unlikely to bring the level of economic activity below the level for which the rebel regime had prepared before i.d.i.

(ii) Increased sanctions, over and above the present level will put cumulatively much more severe pressure on Rhodesian economy.

(iii) It will probably be at least one or two months from now before the full effects of the present or intensified sanctions are felt.

(iv) Further delay, which could be several weeks or months, might then ensue between the spread of widespread dissatisfaction within Rhodesia and the unseating of the Smith regime, even if they do not decide to use their powers fully to try to retain power indefinitely.

/(v).....

(v) There is no chance of sanctions obtaining the downfall of the Smith regime within the next few weeks, although within about a month it should be possible to show clearly that the sanctions are biting on the Rhodesian economy.

(vi) It follows from the above that in order to obtain the optimum result from sanctions, we need to intensify our efforts to have further pressure put on the Rhodesian economy by other Governments. In this way we can obtain the best possible result from sanctions, but even in this case it cannot be guaranteed that the Smith Government can be brought down within a fixed time scale of say one or two months, or even over the next year.

Department of Economic Affairs,
Storey's Gate, S.W.1.

8th December, 1965.

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JOINT INTELLIGENCE COMMITTEE

SPECIAL ASSESSMENT

RHODESIA

The Africa Current Intelligence Group met at 11.45 a.m. on Wednesday, 8th December, to consider the Rhodesian situation. The following is their report.

INTERNAL (TOP SECRET - GUARD)

2. According to a senior Rhodesian official on 6th December, the Kariba Dam itself had not been mined. The Rhodesian authorities had, however, taken certain steps to see that both the switchgear and the power station on the Rhodesian side of the dam could be quickly put out of action in case of an enemy attack. He considered that it was unlikely in any event that either the switchgear or the power station would be damaged unless the situation became really desperate, as he believed that the ordinary thermal power stations which served Rhodesia before the construction of the dam were not all ready to go into service.

3. We assess that this information is almost certainly correct.

4. So far as troops guarding the Kariba installations are concerned we believe that a company of regular troops, which was established in Kariba township some months before I.D.I., is still there though troops have been withdrawn from the actual line of the river. In addition we have seen an American report to the effect that the Rhodesian Special Air Service Squadron is encamped in the vicinity of Kariba and that other detachments of the Rhodesian regular white battalion are also stationed along the Zambezi to the Portuguese frontier. In our view the units mentioned in the American report are deployed not on the actual river line but are held in reserve somewhere on the main north road from Salisbury.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

8th December, 1965.

TOP SECRET

This assessment has been telegraphed to POMEC Aden and sent by bag to the following posts -

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C.R.O. Posts - Accra, Canberra, Dar-es-Salaam, Kampala, Lusaka, Lagos, Nairobi, Ottawa, Wellington, Zomba.

M.O.D. Posts - C.-in-C., South Atlantic and South America.

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RHODESIA INTELLIGENCE WORKING GROUP

The following corrections should be made to J.I.C./1008/65 (Annex), which referred to the Tobacco Export Council of Rhodesia (TEPCOR).-

(a) Paragraph 2, Line 10:

Delete "American" and substitute "Amsterdam".

(b) Paragraph 5, Line 8:

Delete the word "and".

2. As agreed at the Working Group's meeting on Tuesday, 7th December, the distribution of J.I.C./1008/65 (corrected version) has been widened to include all recipients in the U.K. of the Working Group's economic assessments.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

8th December, 1965

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J.I.C./1021/65

CABINET

JOINT INTELLIGENCE COMMITTEE

RHODESIA INTELLIGENCE WORKING GROUP

The Working Group met at 3.30 p.m. on Tuesday 7th December.

2. The Chairman reported that the Chairman of the Steering Committee (MISC.100/C) had called for a paper describing what effect economic sanctions were having on Rhodesia. He had undertaken that the Working Group would discuss this requirement. Ministers would probably wish to have an assessment on the subject before 15th December (the date of expiry of the OAU's Addis Ababa resolution and the Department of Economic Affairs had been asked to consider writing such a paper. He suggested that it would be preferable that the paper, when prepared, should be considered in draft by the Working Group.

The Working Group -

(1) Too note;

(2) Endorsed the action proposed by the Chairman;

(3) Invited DEA, in consultation with other Departments as necessary, to prepare a paper on the effect of sanctions;

(4) invited the Chairman to call, if necessary, a special meeting of the Working Group for 13th December to consider the DEA draft.

3. The following points were made in discussion -

(a) The Foreign Office had informed Committee MISC.100/F of the resignation of the senior marketing officer of the Tobacco Export Promotion Council of Rhodesia (TEPCOR) and staff at H.M. Embassy in Bonn had been asked to keep a watch on any unusual activity at the Bremen tobacco marketing centre;

SECRET

(b) it would be necessary to ensure that a watch was kept on evasions of economic sanctions so that appropriate diplomatic representations could be made;

(c) a private source had told Mr. Lomax of DEA that the Rhodesians had been considering before IDI the possibility of sabotaging the suspension bridge over the Zambesi leading to the Wankie coalfield.

The Working Group -

(1) Took note;

(2) instructed the Secretary to extend the distribution of their recent note on TEPCOR (J.I.C./1008/65) to all recipients in the United Kingdom of the Working Group's economic assessments.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.
8th December, 1965

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Rhodesian Intelligence Working Group
Rhodesia C.I.G.

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JOINT INTELLIGENCE COMMITTEE

CURRENT INTELLIGENCE ON RHODESIA
(Previous reference: J.I.C./980/65)

The following new arrangements to take immediate effect for meetings of Mr. Walsh Atkins' Working Group and C.I.G. (Rhodesia) have been agreed by the Chairmen concerned:-

(a) Mr. Walsh Atkins' Working Group will meet in Room 215 Second Floor, Cabinet Office as follows:-

Tuesdays	3.30 p.m.
Fridays	11.30 a.m.

(b) C.I.G. (Rhodesia) will meet as follows unless notified to the contrary:-

Mondays	2.15 p.m.	Room 215
Tuesdays and Wednesdays	11.45 a.m.	Room 215
Thursdays	11.45 a.m.	J.I.R.
Fridays	2.30 p.m.	Room 215

"Departments represented on Mr. Walsh Atkins' Group are requested to be prepared to discuss at his meeting on Friday, 10th December whether there is any longer any objection to passing their economic assessments to the United States, Canada, Australia and New Zealand."

(Signed) P.A.T. HALLIDAY

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

8th December, 1965

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Mr. Walsh Atkins, Working Group
C.I.G. (Rhodesia)

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JOINT INTELLIGENCE COMMITTEE

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(Signed) P.A.T. HALLIDAY

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

8th December, 1965

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CABINET

JOINT INTELLIGENCE COMMITTEE

RHODESIA

MEANS AND EFFECT OF DAMAGING THE INSTALLATIONS AT KARIBA

The paper at Annex has been prepared by 'L' Branch, D.I.S. and is circulated for information and record as a sequel to the memorandum issued under J.I.C./997/65.

2. In this paper the possible methods of damaging the Kariba Power Station installations, all of which are on the Rhodesian side of the gorge, are placed in order of estimated probability.

3. An explanatory map will be circulated shortly.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

7th December, 1965.

DISTRIBUTION

RHODESIA - ECONOMIC ASSESSMENT
(less all foreign posts)

SECRET

Annex to J.I.C./1017/65

THE MEANS AND EFFECT OF DAMAGING THE KARIBA INSTALLATIONS

The Power Station

We have considered the possible methods of damaging the Kariba Power Station installations - all of which are on the Rhodesian side of the gorge - and have placed them in the following order of probability.

2. The switch yard and control room for all power transmission to Rhodesia and Zambia is on high ground above the dam and is the obvious, and would be the most likely, target. Demolition of the switch gear with small placed charges, or with artillery or mortars, would be comparatively simple to achieve. This method of attack, whilst effectively denying all power output from Kariba, would preserve intact the power station and associated equipment. Ability to repair damage to the switchgear, which consists largely of fairly standard equipment, would depend upon the availability of spare equipment held locally or procured from the British suppliers.

3. Very much more serious damage would result from destruction within upon the underground power station and transformer hall. Destruction of the generators or turbines or transformers could be achieved by placing relatively small explosive charges within the equipment. Destruction of any or all of this equipment would achieve long-term denial as replacements would have to be imported and are of such magnitude as would preclude supply and installation for many months.

4. Extensive damage would be achieved by demolition of the turbine intakes, which could be effected either in the power station or by destruction of the intake controls, or both. This would be an undertaking of some magnitude, for which both greater technical knowledge and larger quantities of explosives would be needed. It would neutralise the power station by flooding. Dewatering would probably have to be delayed until flood levels could be controlled towards the end of the rainy season (October-March). Massive repair services would be required and as all underground machinery and equipment would be subject to corrosion, there might also be a requirement for extensive mechanical replacements and repairs.

5. The quantities of explosives required for any of the foregoing demolitions could be introduced and placed easily by the Rhodesians without detection.

6. Less serious damage would be caused by demolition of the tail-races. These could be sabotaged from outside, i.e. without access to the power station. Such damage would interrupt operation of the power station and, depending upon the explosive charges used, and the speed of preventive action might also cause some underground flooding. Emergency repairs could probably be effected without prolonged dislocation of services.

The Dam

7. The likelihood of an attempt to destroy the dam itself is outside the scope of this note. It would, however, call for detailed structural information, considerable professional knowledge of demolition procedures, and large quantities of the appropriate explosives and engineering equipment (i.e. generators and compressors, etc.). An undertaking of this size obviously would take some time to prepare and could not be done without detection.

THE EFFECT OF BREACHING THE DAM

8. In spite of the comments in paragraph 7 above we have considered the effects of breaching the dam. This would be felt principally by Mozambique and to a lesser extent by Malawi. Zambia would be little affected and Southern Rhodesia hardly at all.

9. The overall density of population in the Zambesi Valley is not generally high, but there are a considerable number of settlements, especially in Mozambique and Malawi. The locations of the main settlements (population generally less than 10,000) are shown on the attached sketch map.* Flood waters will in general not spread large distances from the courses of the rivers until they reach the flat delta areas in Mozambique, they would however spread enough to engulf towns on the Zambezi and on tributaries where they are near the junction with the Zambezi.

10. A brief statement of the effects on individual countries is given below

(a) Mozambique

Severe damage and serious flooding would affect the entire 450 mile long valley of the Zambezi from the Zambia-Southern Rhodesia border at Zumbo to the sea. Flooding is likely to be more widespread downstream and to be most extensive in the coastal area. Ponding back of tributary streams is likely to result in flooding in the lower regions of these valleys also, particularly during the present wet season (November to April) when normal river levels are already high.

*To be circulated shortly.

Population densities in the valley as a whole are not high varying from two to five persons per square mile in the upper valley to fifteen in the lower valley. There are however a considerable number of small towns (population less than 10,000) which would be seriously affected.

(b) Malawi

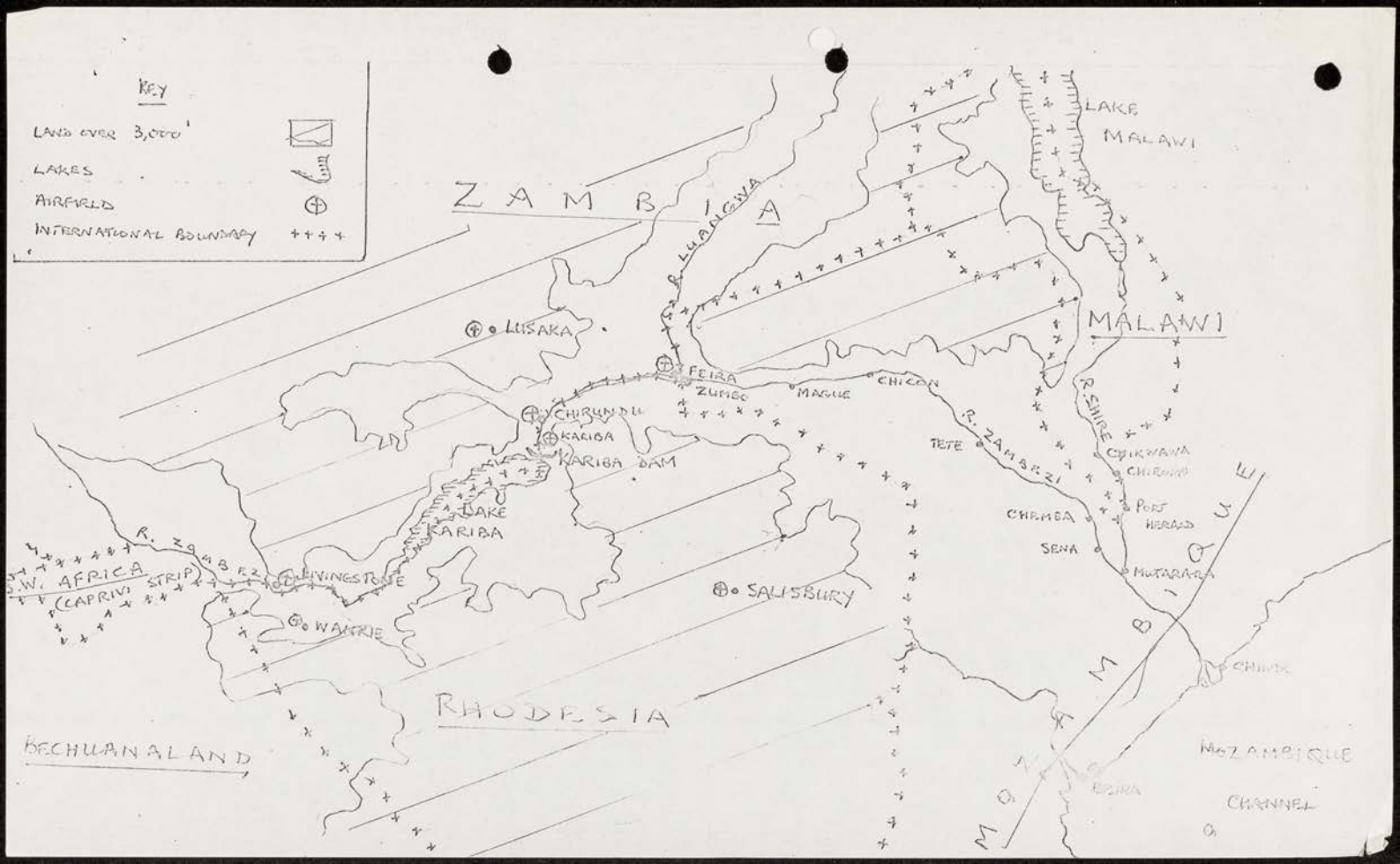
The country is drained by the Shire river which is tributary to the Zambezi. Ponding back of the Shire river waters, especially during the wet season (October - April) by a Zambezi flood would be likely to result in serious flooding in the lower Shire valley up to Chikwawa. Population densities vary from 80 to 160 persons per square mile in the Port Herald district to above 160 in the Chikwawa area.

(c) Zambia

The effects of flooding are likely to be limited except in the area adjoining the Mozambique border and in the lower Luang-wa valley. Serious damage is likely to the Zambian towns of Chirundu and Feira. Access roads to the Chirundu bridge would be flooded and the bridge itself might be at risk. Other settlements are very small and population densities in the areas likely to be affected are 5-10 persons per square mile.

(d) Southern Rhodesia

Effects in Southern Rhodesia are likely to be very limited and of no particular significance. The few settlements are very small and population densities generally do not exceed 5-10 persons per square mile.


KEY
LAND OVER 3,000'
LAKES
AIRFIELD
INTERNATIONAL BOUNDARY
ZAMBIA
LAKE MALAWI
MALAWI
LUANGWA
LUSAKA
FEIRA
ZUMBO
MAGUE
CHICOA
R. SHIRE
CHIKWAWA
CHIROMO
TETE
R. ZAMBEZI
PORT HERALD
CHEMBA
SENA
MUTARARA
CHIRUNDU
KARIBA
KARIBA DAM
LAKE KARIBA
R. ZAMBEZI
LIVINGSTONE
S.W. AFRICA (CAPRIVI STRIP)
WANKIE
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RHODESIA
BECHUANALAND
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JOINT INTELLIGENCE COMMITTEE

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SPECIAL ASSESSMENT

RHODESIA

The Africa Current Intelligence Group met at 11.45 a.m. on Tuesday, 7th December, to consider the Rhodesian situation. The following is their report.

INTERNAL (SECRET)

2. Further reports have been received on the loyalty of senior officers in the Rhodesian Armed Forces and the Police, as at 2nd December. General Putterill (GOC) is finding it more and more difficult to remain in his present post, and has only been prevented from resigning by the efforts of the Governor, Air Vice Marshal Hawkins (AOC) and the Head of the Rhodesian Central Intelligence Organisation. The AOC is reported as adapting a more robust attitude and has been taking the view that there must be no break in the Putterill/Hawkins front, lest the Armed Forces should crumble. If Putterill does resign, it is unlikely that Hawkins would want to stay on at his present post; his successor is likely to be Group Captain Wilson, who is regarded as a waverer and likely to throw in his lot with the Smith regime, this confirms earlier reports on the views of this officer. Amongst other senior officers there was considerable disquiet and some have offered their resignation.

3. Both Putterill and Hawkins have categorically stated to close friends and associates that under current conditions - i.e. on 2nd December - they would under no circumstances order their troops to open fire on any British forces. They would resign rather than give the order to fire. Equally, they do not believe that British Forces would open fire on white Rhodesian Forces. They cannot answer for their successors, but they firmly believe that senior officers in the Rhodesian Regular Forces would take exactly the same view. The Reserve Army is principally composed of those elements that voted Smith into power and approved UDI. If mobilised, their attitude might be different, although their efficiency would be far less than that of the Regular Forces.

4. Professionally, both men have told Smith that they themselves would see no objection to joint British/Rhodesian and Zambian control of the Kariba Dam. This opinion was not favourably received by Smith's Cabinet.

5. The Rhodesians were confident that they can hold their own against any purely African invasion or guerilla infiltration from outside. We have no reason to doubt their ability to do so in present circumstances.

6. In contrast, Police Commissioner Barfoot and his Head of Special Branch are reported as having thrown in their lot with the Smith regime. The rank and file of the Rhodesian Police, which is armed and mobile and has a good network of informers in both European and African circles, is likely to follow the orders of the Government and the Police Commissioner. Certain minor defections of newly joined recruits of United Kingdom origin could suggest that the issue of loyalty to the regime in the police is being actively pursued by Barfoot.

EXTERNAL

BECHUANALAND (SECRET)

7. Reaction to IDI among both the African and European communities has not been significant except in Francistown, where almost the entire white community of about 800 is sympathetic to the Smith regime. A threat of damage exists to the newly-installed B.B.C. radio relay-station, either by irresponsible elements amongst the local white community or from within Rhodesia itself. There may also be the additional danger of local African reaction to any illegal act committed by members of the white community.

THE U.A.R. AND THE O.A.U. (SECRET)

8. The U.A.R. is probably uneasy about the O.A.U. resolution calling for a rupture of diplomatic relations with Her Majesty's Government but will not wish to get out of step with black African moves. She is anxious to avoid having to contribute to an African military force, being well aware of the financial and logistic problems involved, at a time when she is still heavily committed in the Yemen. She is being careful not to expand on her declarations about the transit of Rhodesian goods through the Suez Canal.

THE USSR (SECRET)

9. The Zambian Ambassador in Moscow claims to have been told that the Soviet Union would be ready to afford "material assistance" to Zambia and other African States wishing to take effective measures against the Smith regime. There is no evidence that this extends to assistance of a military nature.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

7th December, 1965

This assessment has been telegraphed to POMEC Aden and sent by bag to the following posts -

F.O. Posts - Addis Ababa, Algiers, Bonn, Benghazi, Cairo, Conakry, Dakar, Khartoum, Leopoldville, Lisbon, Lome, Paris, Pretoria, Rabat, Tokyo, Tripoli, Tunis, U.K. Del. NATO, U.K. Mission N.Y., Washington.

C.R.O. Posts - Accra, Canberra, Dar-es-Salaam, Kampala, Lusaka, Lagos, Nairobi, Ottawa, Wellington, Zomba.

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JOINT INTELLIGENCE COMMITTEE

RHODESIA INTELLIGENCE WORKING GROUP

The note at Annex by Mr. March, Foreign Office, of a meeting with Mr. Macfarlane, lately of the Tobacco Export Promotion Council of Rhodesia (TEPCOR) is circulated for the information of the Working Group as forecast in paragraph 21 of the Working Group's assessment of 3rd December (J.I.C./996/65).

(Signed) M.G.L. JOY
Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1
7th December, 1965

DISTRIBUTION

J.I.C.
Rhodesia Intelligence Working Group

ANNEX to J.I.C./1008/65

TOBACCO EXPORT PROMOTION COUNCIL OF RHODESIA (TEPCOR)

Mr. Macfarlane, former senior marketing officer of TEPCOR, came to see me at the Foreign Office yesterday morning. I had already told him on the telephone that if the Smith regime suspended payment of his pension because he had resigned from the Tobacco Export Promotion Council, the British Government would continue to pay it on behalf of the legal Government of Rhodesia.

2. Mr. Macfarlane told me that he considered that the i.d.i. would be disastrous for Rhodesia and would ruin her tobacco industry which had been carefully built up over the past 25 years to a stage when it represented a serious challenge to American supremacy in world markets. He told me that he himself had drafted the report on the consequences of a u.d.i. for the tobacco industry which had been seen by Smith himself but not circulated to the growers in Rhodesia. He said that as far as he was aware there were no contingency plans for selling the 1966 crop. The only important tobacco sales floors in Europe were at Amsterdam and Bremen. Although the ~~American~~ Amsterdam floor had been the centre of European tobacco marketing for two hundred years, the centre moved to Bremen when the Dutch decided to embargo purchasing any Indonesian tobacco. Bremen was now the meeting place for tobacco importers and Mr. Macfarlane suggested that information about covert operations to sell leaf might best be detected there. He discounted any possibility of the crop being sold through South Africa but thought that some might find an outlet via Lisbon. He foresaw no possibility of the Rhodesians obtaining more than £15 million for the total crop next year.

3. Mr. Macfarlane told me that the TEPCOR report on the tobacco industry had concluded that the 1965 crop would represent about £45 million in export earnings. Of this amount about £34 million would contribute to the Rhodesian gross domestic profit. However 70% (or about £24 million) of this sum was raised on credit finance and its circulation during the closed season was vital to the Rhodesian economy. He saw no chance of this amount of money being available in Rhodesia until outlets for the 1966 crop were assured. He was sure that as soon as tobacco growers and the Rhodesian people realised that the regime had no contingency plans to sell next year's crop there would be 'one hell of a row'.

4. Mr. Macfarlane pointed out that the paucity of Rhodesian planning had been shown by the speed with which Mr. Graylin (the Chairman of TEPCOR) and Mr. Townley had come to London when they had learned of his resignation. He thought that the decision to impound Mr. Graylin's passport had been an excellent one. It had profoundly shaken Mr. Graylin and when news of it reached Rhodesia it would shatter the complacency of the

Rhodesians who are under the impression that H.M.G. means to continue business as before. He told me that since we had prevented Mr. Graylin from travelling to Europe Mr. Townley had been attempting to obtain visas to enable him to lobby against our tobacco embargo. Action has since been taken to renove Mr. Townley's passport.

5. Mr. Macfarlane was appreciative of the guarantee which had been given for his pension and said that he had no intention of seeking other employment. He had resigned from his post with TEPCOR which had been worth £7,500 a year, plus expenses at the rate of £15 per day. He intended to return to The Hague to close the TEPCOR office and then to retire to live permanently in South Africa, at East London. He spoke bitterly about the prospect of the destruction of the Rhodesian tobacco industry to which he had devoted most of his career, and both as a senior member of the Federal Ministry of Commerce and as Senior Marketing Advisor to TEPCOR.

4 December, 1965

(25)

Originating Authority ....JIC.....

Reference and Date ....JIC/1014/65....7th Jul 1965.....

See 'C' File ....29/3/C.....

Folio No. .....11.....

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TOBACCO EXPORT PROMOTION COUNCIL OF RHODESIA (TEPCOR)

~~CM 1511/10~~

~~Mr. R. C. Macfarlane~~

former senior marketing officer of TEPCOR,

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~~Export Promotion Council~~

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5. Mr. Macfarlane was appreciative of the guarantee which had been given for his pension and said that he had no intention of seeking other employment. He had resigned from his post with TEPCOR which had been worth £7,500 a year, plus expenses at the rate of £15 per day. He intended to return to The Hague to close the TEPCOR office and then to retire to live permanently in South Africa, at East London. He spoke bitterly about the prospect of the destruction of the Rhodesian tobacco industry to which he had devoted most of his career, and both as a senior member of the Federal Ministry of Commerce and as Senior Marketing Advisor to TEPCOR.

(D. M. March)
4 December 1965

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Board of Trade (2)
Department of Economic Affairs (2)
J.I.C. (2)

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JOINT INTELLIGENCE COMMITTEE

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INTELLIGENCE ON RHODESIA
(Previous reference: J.I.C./941/65)

H.M. Ambassador in Washington has suggested that the list of intelligence requirements on Rhodesia circulated under J.I.C./941/65 should be made available to the United States intelligence community.

2. The matter was discussed by the Rhodesia Intelligence Working Group at their meeting on 3rd December and it was agreed that it would be desirable to make a sanitized version available to the American authorities.

3. You are requested to inform J.I.C. Secretariat as soon as possible of any changes which should be made in the list of requirements before it is handed to the Americans. Unless I hear to the contrary by 12.00 noon on MONDAY, 6th DECEMBER, 1965 your agreement to the handing-over of the existing list will be assumed and H.M. Embassy in Washington informed accordingly.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.
3rd December, 1965

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J.I.C.
Rhodesia Intelligence Working Group
Rhodesia Current Intelligence Group
J.I.S. ('B' Team)

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JOINT INTELLIGENCE COMMITTEE

RHODESIA: KARIBA POWER SUPPLIES

The attached memorandum, prepared by the Rhodesia Intelligence Working Group, is circulated for your information and record.

(Signed) J.P. FOSTER
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.
3rd December, 1965

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As for Economic Assessment

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Attachment to J.I.C./997/65

KARIBA POWER SUPPLIES

THE POWER STATION

The power station is located about 540 ft. underground in the Rhodesian bank of the gorge. The generator hall accommodates six vertical-shaft turbines which are directly coupled to six generators, each designed for a continuous output of 100MW, 3-phase, 50 cycles. Their total capacity has been raised by modifications to a maximum of 705MW. There are six intakes immediately upstream of the dam, delivering through vertical shafts to the generator hall. Discharge is through three tail-races. Surge chambers are provided for turbine regulation on the downstream side of the power station.

2. A separate underground chamber beside the generator hall accommodates the transformer house. The generated voltage (18 kv) is stepped-up through single-phase transformers to the transmission voltage of 330kv. The power cables are taken from the transformer house through a horizontal tunnel and then through a vertical shaft to ground level and into the switch yard, from which two transmission lines are taken into Rhodesia and one into Zambia: a second transmission line into Zambia is being built and is scheduled for completion in 1966.

3. The central control building and administration HQ are located near the switch yard. Entry to the power station is through a sloping tunnel above the tail races: there are also separate access shafts for cable and ventilation and two electrically operated lifts.

POWER DISTRIBUTION; ALTERNATIVE SUPPLIES

4. Although the installed capacity of the Kariba power station is 705MW its sustained capacity, allowing for one set on standby, would be 588MW. Output from the Kariba power meets 96 per cent of the power requirements of consumers in Zambia and Rhodesia connected to this system, the balance being obtained by purchases from other inter-connected power stations in Rhodesia and Zambia.

5. Zambia takes 53 per cent of the output of Kariba of which 95 per cent is used in the Copper Belt (the latter figure represents 62 per cent of the Copper Belt requirements). Denial of this power would therefore reduce supplies immediately available in the Copper Belt to about 38 per cent of

normal (i.e. 27 per cent from thermal and hydro stations and 11 per cent imported from Katanga). An early increase in the supply from Katanga, increasing the 11 per cent to about 22 per cent, could be expected. However, continual operation of the Zambian thermal stations is largely dependent on coal imports from the Wankie field in Rhodesia. If these coal supplies ceased to be available, Zambia would be dependent on supplies from Katanga plus a small hydro-electric output of some 5 per cent of the normal total requirement.

6. The Kariba output taken by Rhodesia is equivalent to about 90 per cent of Rhodesia's requirements for electrical power. The remainder is supplied from inter-connected thermal power stations at Salisbury and Bulawayo (and three small ones in the mining areas of Gwanda, Shabani and Umniati) which are operated at low output whilst normal supplies from Kariba are maintained. Should the supply from Kariba be interrupted, the Rhodesian power stations could provide sufficient alternative supplies almost at once, although there might be some difficulty in obtaining the necessary technical staff. Their total installed capacity is about 470MW and they are operated on coal from Wankie. Areas which are now supplied independently of Kariba are Umtali, Chipinga and Beit Bridge.

SPARE PARTS

7. Smaller maintenance spares will probably be available on site. Replacements for the heavier mechanical equipment (e.g. turbine intake gates, penstock lining and floodgates) of French and Portuguese origin or for large turbine and generator components and switchgear of British origin (see paragraph 8 below), are unlikely to be readily available.

UNITED KINGDOM SUPPLIERS OF PLANT

8. The actual power station plant originated from:

(a) Boving and Co Ltd., (Turbines)
(b) A.E.I. (Export) Ltd., (Generators and 330 R.V. Switchgear)
(c) Brown, Boveri Ltd., (Generator Switchgear)
(d) English Electric Co. Ltd., (Generator Transformers)
(e) Ferranti Ltd., (Substation Transformers)
(f) Babcox & Wilcox Ltd., (Overhead travelling cranes in power station)
(g) C.A. Carsons Ltd., (Shunt Compensating Reactors)
(h) B.I.C.C. Ltd., (330 KV Oil-Filled Cables).

PUBLIC RECORD OFFICE

Group/Class CAB 163

Piece 40

FOLIO 17 – LETTER
TO JIC SECRETARY
DATED 1ST DECEMBER 1965

(date) 10/9/01

(Signed) A Farrelly

SECRET

(16) S/F

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J.I.C./982/65 COPY NO. 55

219/2
219/3

CABINET

JOINT INTELLIGENCE COMMITTEE

RHODESIA INTELLIGENCE WORKING GROUP

At the Working Group's meeting at 3.30 p.m. on 30th November, 1965 the following points were raised in discussion -

(a) The Postmaster-General was preparing, for consideration in another forum, a note of what restrictions, if any, might be placed on communications to and from Rhodesia; this had an obvious intelligence angle.

(b) There had been a suggestion elsewhere that the Rhodesians might have mined the switching installations at the Kariba Dam. Whilst the Working Group had no evidence to support this, it would be useful, for reference purposes, to have a short factual paper describing the installations at Kariba and showing the proportion of power supplies from Kariba to Zambia and Rhodesia respectively. 'X'

(c) The Chairman and Mr. Richardson of D.E.I. had spoken to Mr. Whitehorn of C.B.I. the previous day and had left with him a list of economic indicators. Mr. Whitehorn had sent the Commonwealth Relations Office some quite interesting information; he was asking in return for selected information on Her Majesty's Government's policies and assessments.

(d) It would be valuable to have fairly soon a summary of developments in the financial field.

The Working Group -

(1) Took note.

(2) Invited D.E.I. to co-ordinate the preparation of a paper as at 'X' above.

(3) Invited the Commonwealth Relations Office to pass to Mr. Whitehorn, on a personal basis, carefully selected information classified up to and including Confidential.

(4) Invited the Bank of England to prepare, in consultation with D.E.I., a summary of developments in the financial field.

SECRET

2. The next meeting of the Working Group will be at 2.45 p.m. on FRIDAY, 3rd DECEMBER, 1965 (for full details of future meetings see J.I.C./980/65).

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

1st December, 1965.

DISTRIBUTION

J.I.C.
Africa Heads of Sections
Rhodesia Intelligence Working Group

CONFIDENTIAL

(15) SIF. 219/3

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J.I.C./980/65 COPY NO. 54

CABINET

JOINT INTELLIGENCE COMMITTEE

CURRENT INTELLIGENCE ON RHODESIA

For the immediate future Africa Heads of Sections (Rhodesia) will meet on Mondays at 2.15 p.m. and on all other working days at 11.45 a.m., unless notification is received to the contrary. Meetings will be in Room 215 except on Thursdays, when they will be in the J.I.R. Members of Africa Heads of Sections (Rhodesia) will be at two hours' notice outside working hours.

2. The Africa Heads of Sections meeting to deal with subjects other than Rhodesia on Tuesday will be at 11.00 a.m.

3. A consequential change is necessary for the meetings of Mr. Walsh Atkins' Working Group. It has been agreed that the meeting on Friday will be at 2.45 p.m., the Tuesday meeting remaining, as before, at 3.30 p.m.

(Signed) M.G.L. JOY
Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1
1st December, 1965

DISTRIBUTION

J.I.C.
Africa Heads of Sections
Mr. Walsh Atkins' Working Group

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SECRET

P.c. 219/3 (13)

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J.I.C./970/65 COPY NO. 52

CABINET

JOINT INTELLIGENCE COMMITTEE

RHODESIA INTELLIGENCE WORKING GROUP

Future meetings of the Working Group will be held on Tuesdays at 3.30 p.m. and on Fridays at 10.15 a.m.

2. As agreed at the meeting on 26th November, Mr. K.J. Neale, C.R.O., will take the Chair when Mr. Walsh-Atkins is unable to be present.

3. I attach at Annex a summary of points raised at, and action arising from, last week's meetings.

(Signed) J.P. FOSTER

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

29th November, 1965.

SECRET

Annex to J.I.C./970/65

RHODESIA INTELLIGENCE WORKING GROUP

At the Working Group's meeting on 23rd November the following points were made in discussion:-

(a) Future assessments issued by the Working Group might usefully include a periodic summary of general trends.

(b) The C.R.O. had made arrangements for regular contacts with Mr. Whitehor of the Confederation of British Industries and had given him an expurgated version of the agreed statement of intelligence requirements (J.I.C./926/65). As a first step he would pass to the CBI's committee on Rhodesia, which met once a week, a still further condensed version which he would present as a list of his own suggestions. It was for consideration whether additional action was necessary for contacts with industry.

(c) The C.R.O. were making arrangements to scan Rhodesian newspapers and official publications with a view to deriving the maximum of economic intelligence from them.

(d) If it were possible to ascertain what economic plans had been made by the Smith regime before IDI, this would be of considerable value.

The Working Group -

(1) approved, subject to minor drafting changes, a list of economic indicators designed to elicit information on the effects on Rhodesia of economic sanctions (the list was prepared by the representatives on the Working Group of the economic Departments).

(2) agreed that the list of indicators should be sent to selected Foreign Office posts and all CRO posts and used for briefing purposes in appropriate Departments. It would not, however, be circulated further by the Working Group as such. Those handling the document should be made aware of its sensitivity.

(3) Agreed that appropriate members of the Working Group should report periodically on action taken in respect of the various possible overt sources listed in DEI's covering minute to the list of indicators. It would be for the Board of Trade to report on contacts with insurance and shipping companies.

(4) agreed that appropriate diplomatic posts should be asked to supply details of imports from, and exports to, Rhodesia.

2. At the meeting on 26th November the Chairman reminded all members that in view of the high security classification of some of the material discussed at the Working Group's meetings it was essential for the names of all substitute representatives to be notified to the Secretary (Cabinet Office, extension 149) in advance. It was the responsibility of members themselves to ensure that any proposed substitutes were authorised to handle the relevant highly-classified material. The following points were made in discussion:-

(a) It might be desirable to make additional arrangements for the assessment of economic intelligence once it began to flow in in quantity.

(b) It would be necessary to define more clearly to what extent the Working Group should attempt to assess the overall effects, and likely future effects, of sanctions on Rhodesia, and to what extent this should be undertaken by Sir E. Roll's Committee.

(c) It might be useful to prepare a tabulated summary of existing trade figures to show how much of other countries' trade was with Rhodesia.

TOP SECRET

OUTWARD TELEGRAM

FROM THE SECRETARY OF STATE FOR THE COLONIES

(12)

01097

A/Sec 2
P.C

TO BECHUANALAND (H.M. Commissioner)

Cypher ISD 160/346/01
Sent 26th November 1965. 15.30 hrs.

RECEIVED
29 NOV 1965
J. I. C. 3

219/3

PRIORITY
TOP SECRET AND PERSONAL
PERSONAL No.132

Addressed to H.M. Commissioner Bechuanaland
Repeated " H.M. Ambassador Pretoria (for information)
Brief No.346

Intelligence Requirements on Rhodesia post-U.D.I.

A Rhodesia Intelligence Working Group was set up by decision of the J.I.C. at their meeting on 11th November. The Working Group has prepared a list of intelligence requirements on Rhodesia which has been approved by J.I.C. and is reproduced below.

PRIORITY

1. The Rhodesian regime's intentions and attitudes towards Britain and British interests.

2. Economic Situation. Effectiveness of economic sanctions on the Rhodesian economy and repercussions on the political situation. Rhodesian trade policy especially in respect of composition and direction of exports and imports with particular reference to attempts to evade sanctions. Fiscal and financial policies, particularly as a retaliation against our own measures. Stability of currency. Agricultural policies to mitigate the effect of the tobacco embargo.

3. The Rhodesian regime's intentions towards Zambia, especially any economic or political measures against or likely to affect that country.

4. The Rhodesian regime's relations with South Africa and Portugal (including Portuguese territories). Any measures by these to assist the Rhodesian regime including the supplies of arms or volunteers, and financial or economic assistance.

5. Position of Mr. Smith and solidarity of regime.

6. Information on any potentially significant white internal opposition - personalities, organisation, capability and aims.

7. Internal security situation and deployments of the police and armed services. Is the Government in effective control of the whole country? Loyalties of the civil service, the police and the armed forces.

8. Information on African nationalist opposition, especially ZAPU leaders, their connection with other countries, resources in trained men and arms, organisation and deployment. Anti-Government activity, especially para-military and sabotage. Assistance, especially the supply of arms and military training for Rhodesian African movements from African States and Communist countries.

/9.

9. Intentions of African States and of the O.A.U. towards Rhodesia.

10. Attempts by commercial organisations (British and foreign) to circumvent trade embargoes imposed by their Governments.

IMPORTANT

1. Any Rhodesian plans or measures to exert influence or control in Bechuanaland.

2. Relations with Malawi.

3. Rhodesian efforts to disrupt African nationalist liberation movements based on Zambia and Tanzania.

4. (a) Attempts by any residual Rhodesian representation in the United Kingdom or Rhodesian residents here who come to notice to further the cause of the regime, with particular reference to endeavours to circumvent sanctions.

(b) Attempts by the regime to establish undisclosed representatives in the United Kingdom.

5. Any attempts by the Rhodesian regime to obtain arms from countries outside Southern Africa.

6. Attitude of African Commonwealth States towards British policies.

OPPORTUNITY

Attempts by any Rhodesian representatives in other countries to further the cause of the regime with particular reference to endeavours to circumvent sanctions.

I realise that with the resources and the limited amount of time available to you, you may not be able to do much, but I should nevertheless be grateful if whatever steps are possible could be taken to meet these requirements with the aid of local contacts and by de-briefing travellers from Rhodesia.

Distribution:

Mr. Blaikley
Mr. Campbell
Mr. Donohoe
Mr. Osborne
Mr. Vardill

SECRET

RECEIVED
29 NOV 1965
J. I. C. (1)

10a

FOREIGN OFFICE,

S.W.1.

25 November, 1965

Dear Head of Chancery/Consul-General/Consul,

In order to meet the requirements set out in F.O. telegram No. 814 of 24 November to Pretoria (repeated as our No. 950 to Lisbon and saving to other posts) a Working Group has been set up to produce assessments of information available from all sources.

2. The success of our present policy will depend to a great extent on the results of our economic measures against Rhodesia. The Working Group have therefore ... prepared a list of indicators (at Annex A) against which we hope to be able to register changes in Rhodesia's economic position. We do not expect allposts to whom this letter is addressed to be able to supply us with relevant information on all the items listed but you may find the full list useful for background.

3. There is one field in which your co-operation may become extremely important. It is possible that statistical information about Rhodesia's external trade will cease to be available and it would therefore be particularly useful to have any details of trade with Rhodesia which are published in your area. We shall then attempt to put them together in order to build up a picture of Rhodesia's external trade. It will in any event serve as a useful check on the accuracy or otherwise of any trading statistics published by the illegal regime in Salisbury.

4. Similar letters have been addressed to the posts ... listed at Annex B.

Yours ever,
WEST AND CENTRAL AFRICAN DEPARTMENT

SECRET

ANNEX A

RHODESIA
ECONOMIC INDICATORS

Subjects on which information is required by the Working Group

1. Rhodesian Financial Actions

(a) exchange control measures

(i) restrictions on outward payments by Rhodesian residents

(ii) re-orientation of external settlement out of sterling

(b) control or direction of bank advances

(c) monetary action

(i) expansion of monetary supply

(ii) confidence in the Rhodesian pound's value

(iii) action to stimulate or compel private or bank saving

(iv) changes in tax revenue

(d) budgetary action

(i) changes in basis of taxation

(ii) expenditure, especially government financing of, for example, the tobacco crop (£35m)

2. Assistance from S. Africa and Portugal

(a) government loans

(b) commercial credits

(c) currency support

(d) exceptional supplies (e.g. oil)

(e) representation of Rhodesian interests abroad

3. Action by other governments

(a) restrictions on flow of capital into Rhodesia, including

(i) banks

(ii) industry

(b) restrictions on flow of sterling

(c) trade embargoes

(d) other economic sanctions

(e) trade missions and new trade agreements

/4.

4. Gold and Foreign Exchange Reserves

(a) size and location of reserves

(b) gold production, stocks and disposal e.g. evidence of gold being sold other than to S. Africa

(c) exchange rate for Rhodesian pounds, especially in Zambia, Malawi and S. Africa

5. Trade and Balance of Payments

(a) exports (composition and direction)

(b) imports (composition and direction)

(c) attempts to find new trading partners

(d) evidence of attempts to evade Rhodesian import controls

(e) movements in "invisibles" (dividend payments)

(f) balance of payments

6. Domestic Economic Developments

(a) prices

(b) wages

(c) cost of living and credit trading

(d) rationing (official and unofficial)

(e) bank deposits

(f) bank advances (by classification)

(g) hire purchase changes

7. Labour

(a) employment level

(b) unemployment

(c) industrial unrest

(d) African migration

(i) internal

(ii) external, especially to Malawi and Zambia

8. White Population

(a) immigration

(b) emigration

(c) net movements

9. Commerce

(a) retail sales (prices, stocks and shortages)

(b) property, domestic and commercial

(i) prices

(ii) vacancies

(c) volume of insurance business

(d) bankruptcies

(e) private financial transactions, (e.g. compensation deals through inter-Company accounts)

10. Production (including volume, value and stocks)

(a) agricultural production, especially tobacco, sugar, beef, maize and cotton. Evidence of diversification of crops

(b) industry, including changes in the pattern of production

(c) mining

(d) construction

(e) progress in implementing development plans

11. Transportation and Communications

ports, railways, airways

(a) changes in volume of traffic

(b) changes in routes

(c) drainage of rolling stock

12. Sources of Energy

(a) oil supplies and stocks

(b) electricity output

(c) coal output

Annex B.

Foreign Office posts

in Africa

Abidjan
Addis Ababa
Algiers
Bamako
Beira
Brazzaville
Bujumbura
Cairo
Conakry
Dakar
Khartoum
Leopoldville
Lomé
Lourenço Marques
Lusaka
Monrovia
Pretoria
Rabat
Tananarive
Tripoli
Tunis
Yaoundé
Elizabethville
Benghazi

Foreign Office posts

in Western Europe

Athens
Berne
Bonn
Brussels
Copenhagen
Lisbon
Luxembourg
Madrid
Paris
Rome
The Hague
Vienna

and to:

Washington
UKMIS New York
Tokyo

106

CONFIDENTIAL

OUTWARD SAVING TELEGRAM

FROM COMMONWEALTH RELATIONS OFFICE TO BRITISH HIGH COMMISSIONS

By Bag

219/3

No.Y Circular 24 Saving
25 November, 1965

CRO/FO/WH DISTRIBUTION

CONFIDENTIAL

Personal for High Commissioner.

ECONOMIC INFORMATION ABOUT RHODESIA

In order to meet the requirements set out in our Y telegram No.141 a Working Group has been set up to produce assessments of information available from all sources.

2. The success of our present policy will depend to a great extent on the results of our economic measures against Rhodesia. The Working Group have prepared the list below of indicators against which we hope to be able to register changes in Rhodesia's economic position. We do not expect all posts to whom this is addressed to be able to supply us with relevant information on all the items listed but you may find the full list useful for background.

3. There is one field in which your cooperation may become extremely important. It is possible that statistical information about Rhodesia's external trade will cease to be available and it would therefore be particularly useful to have any details of trade with Rhodesia which are published in your area. We shall then attempt to put them together in order to build up a picture of Rhodesia's trade. It will in any event serve as a useful check on the accuracy or otherwise of any trading statistics published by the illegal regime in Salisbury.

4. Following is list of indicators:-

1. Rhodesian Financial Actions.

*(a) exchange control measures

(i) restrictions on outward payments by Rhodesian residents

(ii) re-orientation of external settlement out of sterling

*(b) control or direction of bank advances

*(c) monetary action

(i) expansion of monetary supply

(ii) confidence in the Rhodesian pound's value

(iii) action to stimulate or compel private or bank saving

(iv) changes in tax revenue

(d) budgetary action

(i) changes in basis of taxation

*(ii) expenditure, especially government financing of, for example, the tobacco crop (£35m).

2. *Assistance from S. Africa and Portugal.

(a) government loans

(b) commercial credits

(c) currency support

(d) exceptional supplies (e.g., oil)

(e) representation of Rhodesian interests abroad.

3. Action by other governments

(a) restrictions on flow of capital into Rhodesia, including

(i) banks

(ii) industry

*(b) restrictions on flow of sterling

(c) trade embargoes

(d) other economic sanctions

(e) trade missions and new trade agreements.

4. Gold and Foreign Exchange Reserves

(a) size and location of reserves

*(b) gold production, stocks and disposal e.g., evidence of gold being sold other than to S. Africa.

*(c) exchange rate for Rhodesian pounds, especially in Zambia, Malawi and S. Africa.

5. Trade and Balance of Payments.

*(a) exports (composition and direction)

*(b) imports (composition and direction)

(c) attempts to find new trading partners

(d) evidence of attempts to evade Rhodesian import controls

(e) movements in "invisibles" (e.g., Dividend payments)

*(f) balance of payments.

6. Domestic Economic Developments

*(a) prices

*(b) wages

(c) cost of living and credit trading

(d) rationing (official and unofficial)

*(e) bank deposits

*(f) bank advances (by classification)

(g) hire purchase changes.

7. Labour

(a) employment level

(b) unemployment

(c) industrial unrest

(d) African migration

(i) internal

(ii) external, especially to Malawi and Zambia.

8. White Population

(a) immigration

(b) emigration

(c) net movements.

9. Commerce

(a) retail sales (prices, stocks and shortages)

(b) property, domestic and commercial

(i) prices

(ii) vacancies

(c) volume of insurance business

(d) bankruptcies

*(e) private financial transactions, (e.g., compensation deals through inter-Company accounts).

10. Production (including volume, value and stocks)

(a) agricultural production, especially tobacco, sugar, beef, maize and cotton. Evidence of diversification of crops.

(b) industry, including changes in the pattern of production.

(c) mining

(d) construction

(e) progress in implementing development plans.

11. Transportation and Communications

ports, railways, airways

(a) changes in volume of traffic

(b) changes in routes

(c) drainage of rolling stock.

12. Sources of Energy

(a) oil supplies and stocks

(b) electricity output

(c) coal output.

*The Bank of England has already taken procurement action in connexion with those items marked with an asterisk.

(10)

Copies to:

Sir Arthur Snelling
Mr. Rogers
Mr. Jury) Cabinet Office
Mr. Vivian)
Mr. C.R. Walker, Board of Trade

CONFIDENTIAL

RECEIVED
24 NOV 1965
J. I. C.

NOTE FOR RECORD

Information on Rhodesia
from British Business Houses

I reported to the Steering Committee - MISC.100/C - yesterday, 22 November, the Board of Trade's advice that our best course would be to contact Mr. Whitehorn, the Overseas Director of the C.B.I. The Steering Committee endorsed this and Sir Arthur Snelling and I accordingly saw Mr. Whitehorn, who was accompanied by Mr. Ashmore, this morning, 23 November. We outlined the problem and they readily agreed to help. We gave them two copies of a piece of paper headed "Confidential" which contained six points which were partly expurgated versions of Priority points 1, 2, 3, 4, 5 and 10, and Important points 1 and 2 of the Annex to JIC.941/65. We represented this list of points as merely a rough shot in the C.R.C. at jotting down the obvious questions in which the British Government was bound to be interested.

2. The C.B.I. is running a Committee of British Investors in Rhodesia about fifty strong which meets weekly on Wednesday mornings at present. Mr. Whitehorn said that there was a great deal of news coming in and a good many travellers.

3. After discussion it was agreed that at tomorrow's meeting Mr. Whitehorn would disclose confidentially to this Committee that the British Government were obviously interested in what British business could tell them and would circulate as his own a potted version of our piece of paper inviting members of his Committee to bring to notice anything of interest in these fields. Mr. Whitehorn would then come and give me an account of anything of interest that had emerged. If anything "hot" came up between the weekly meetings, he would pass it on straight away.

4. He said that it would be helpful is this could be in some measure a two-way traffic - i.e. if we could in exchange from time to time give him our own news and views. We undertook to bear this in mind and see what could be done.

L. E. Walsh Atkins
23 November 1965

TOP SECRET

9a

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J.I.C./941/65 COPY NO. 62

CABINET

JOINT INTELLIGENCE COMMITTEE

INTELLIGENCE ON RHODESIA
(Previous Reference: J.I.C./926/65)

The list of "Intelligence Requirements on Rhodesia, post I.D.I." at at Annex was approved at your meeting of 18th November, 1965 (J.I.C.(65) 49th Meeting, Item 5).

2. Overseas distribution is being arranged in accordance with your instructions.

(Signed) J.M.C. VIVIAN

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

19th November, 1965.

DISTRIBUTION

J.I.C.
J.I.S.('B' Team)

TOP SECRET

Annex to J.I.C./941/65

INTELLIGENCE REQUIREMENTS ON RHODESIA POST I.D.I.

PRIORITY

1. The Rhodesian regime's intentions and attitudes towards Britain and British interests.

2. Economic Situation. Effectiveness of economic sanctions on the Rhodesian economy and repercussions on the political situation. Rhodesian trade policy especially in respect of composition and direction of exports and imports with particular reference to attempts to evade sanctions. Fiscal and financial policies, particularly as a retaliation against our own measures. Stability of currency. Agricultural policies to mitigate the effect of the tobacco embargo.

3. The Rhodesian regime's intentions towards Zambia, especially any economic or political measures against or likely to affect that country.

4. The Rhodesian regime's relations with South Africa and Portugal (including Portuguese territories). Any measures by these to assist the Rhodesian regime including the supplies of arms or volunteers, and financial or economic assistance.

5. Position of Mr. Smith and solidarity of regime.

6. Information on any potentially significant white internal opposition - personalities, organisation, capability and aims.

7. Internal security situation and deployments of the police and armed services. Is the Government in effective control of the whole country? Loyalties of the civil service, the police and the armed forces.

8. Information on African nationalist opposition, especially ZAPU leaders, their connection with other countries, resources in trained men and arms, organisation and deployment. Anti-Government activity, especially para-military and sabotage. Assistance, especially the supply of arms and military training for Rhodesian African movements from African States and Communist countries.

9. Intentions of African States and of the O.A.U. towards Rhodesia.

10. Attempts by commercial organisations (British and foreign) to circumvent trade embargoes imposed by their Governments.

IMPORTANT

1. Any Rhodesian plans or measures to exert influence or control in Bechuanaland.

2. Relations with Malawi.

3. Rhodesian efforts to disrupt African nationalist liberation movements based on Zambia and Tanzania.

4.(a) Attempts by any residual Rhodesian representation in the United Kingdom or Rhodesian residents here who come to notice to further the cause of the regime, with particular reference to endeavours to circumvent sanctions.

(b) Attempts by the regime to establish undisclosed representatives in the United Kingdom.

5. Any attempts by the Rhodesian regime to obtain arms from countries outside Southern Africa.

6. Attitude of African Commonwealth States towards British policies.

OPPORTUNITY

Attempts by any Rhodesian representatives in other countries to further the cause of the regime with particular reference to endeavours to circumvent sanctions.

(9) 219/3

Secretary, JIC.

THE RHODESIA INTELLIGENCE WORKING GROUP 4.

In accordance with paragraph (e) of JIC/82/219/3 dated 17th November, 1965, representatives of the Treasury, the Board of Trade, the Bank of England and the Directorate of Economic Intelligence met on 19th November to compile a comprehensive list of indicators of the effects of economic sanctions on Rhodesia and to suggest the most likely overt sources of such information. The Department of Economic Affairs was unable to be represented but Mr. Vernon has since seen this record of the meeting, signified his general agreement with the findings, and proposed some small amendments which have been incorporated.

Indicators

2. The list of indicators agreed is attached at Appendix A. It includes all the subjects on which it was thought that a fairly regular flow of information would be required for the purpose of making a running appraisal of developments but it was also thought that it would have to be tailored for use by any particular source with specialist knowledge by omitting some sections and expanding others.

Overt Sources

3. Hitherto, information on virtually all the subjects listed at Appendix 'A' has appeared in various statistical and descriptive publications issued in Salisbury. It is impossible to determine at present how many of them will continue to appear or whether they will remain as comprehensive and as accurate in content as previously. But on present form there should be no difficulty in obtaining copies and they should be of some use for longer-term papers. The information is likely to be too dated however to be of much use for the bi-weekly current reports and sources will have to be briefed on the lines of the requirements shown at Appendix 'A'.

4. The best overt sources appear to be:-

a. a number of commercial banks, and more especially Barclays DCO & Standard;

b. certain insurance companies;

c. shipping companies;

d. a number of commercial firms active in Rhodesia and more especially Shell, BMC, Ford (of Canada), ICI, Gallaher, Dunlop, Rio Tinto, Metal Box, Lonrho, Rhodesian Selection Trust, Anglo-American Corporation, British South Africa Co.;

e. HM's Overseas Posts and more especially Republic of South Africa, Bechuanaland, Mozambique, Malawi, Zambia, Tanzania, Congo (L), Angola, Kenya.

Other 'overt' sources such as journalists are probably better left to covert exploitation.

5. The Bank of England has already instituted procurement action with 4(a) in respect of those subjects in Appendix 'A' marked with an asterisk.

W.H.J. RICHARDSON

Directorate of Economic Intelligence

23rd November 1965

Appendix 'A'

RHODESIA
ECONOMIC INDICATORS

Subjects on which information is required by the Working Group

1. Rhodesian Financial Actions

*(a) exchange control measures

(i) restrictions on outward payments by Rhodesian residents

(ii) re-orientation of external settlement out of sterling

*(b) control or direction of bank advances

*(c) monetary action

(i) expansion of monetary supply

(ii) confidence in the Rhodesian pound's value

(iii) action to stimulate or compel private or bank saving

(iv) changes in tax revenue

(d) budgetary action

(i) changes in basis of taxation

*(ii) expenditure, especially government financing of, for example, the tobacco crop (£35m)

2. *Assistance from S. Africa and Portugal

(a) government loans

(b) commercial credits

(c) currency support

(d) exceptional supplies (eg. oil)

(e) representation of Rhodesian interests abroad

3. Action by other governments

*(a) restrictions on flow of capital into Rhodesia, including

(i) banks

(ii) industry

*(b) restrictions on flow of sterling

(c) trade embargoes

(d) other economic sanctions

(e) trade missions and new trade agreements

4. Gold and Foreign Exchange Reserves

(a) Size and location of reserves

*(b) gold production, stocks and disposal eg. evidence of gold being sold other than to S. Africa

*(c) exchange rate for Rhodesian pounds, especially in Zambia, Malawi and S. Africa

5. Trade and Balance of Payments

*(a) exports (composition and direction)

*(b) imports (composition and direction)

(c) attempts to find new trading partners

(d) evidence of attempts to evade Rhodesian import controls

(e) movements in "invisibles" (dividend payments)

*(f) balance of payments

6. Domestic Economic Developments

*(a) prices

*(b) wages

(c) cost of living

(d) rationing (official and actual)

*(e) bank deposits

*(f) bank advances (by classification)

(g) hire purchase changes

7. Labour

(a) employment level

(b) unemployment

(c) industrial unrest

(d) African migration

(i) internal

(ii) external, especially to Malawi and Zambia

8. White Population

(a) immigration

(b) emigration

(c) net movements

9. Commerce

(a) retail sales (prices, stocks and shortages)

(b) property, domestic and commercial

(i) prices

(ii) vacancies

(c) volume of insurance business

(d) bankrupcies

*(e) private financial transactions, (eg compensation deals through inter-Company accounts)

10. Production (including volume, value and stocks)

(a) agricultural production, especially tobacco, sugar, beef, maize and cotton. Evidence of diversification of crops.

(b) industry, including changes in the pattern of production

(c) mining

(d) construction

(e) progress in implementing development plans

11. Transportation and Communications

Ports, railways, airways

(a) changes in volume of traffic

(b) changes in routes

(c) drainage of rolling stock

12. Sources of Energy

(a) oil supplies and stocks

(b) electricity output

(c) coal output

*The Bank of England has already taken procurement action in connection with those items marked with an asterisk.

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CABINET

JOINT INTELLIGENCE COMMITTEE

INTELLIGENCE ON RHODESIA
(Previous Reference: J.I.C./926/65)

The list of "Intelligence Requirements on Rhodesia, post I.D.I." at Annex was approved at your meeting of 18th November, 1965 (J.I.C.(65) 49th Meeting, Item 5).

2. Overseas distribution is being arranged in accordance with your instructions.

(Signed) J.M.C. VIVIAN

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

19th November, 1965.

DISTRIBUTION

J.I.C.
J.I.S.('B' Team)

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Annex to J.I.C./941/65

INTELLIGENCE REQUIREMENTS ON RHODESIA POST I.D.I.

PRIORITY

1. The Rhodesian regime's intentions and attitudes towards Britain and British interests.

2. Economic Situation. Effectiveness of economic sanctions on the Rhodesian economy and repercussions on the political situation. Rhodesian trade policy especially in respect of composition and direction of exports and imports with particular reference to attempts to evade sanctions. Fiscal and financial policies, particularly as a retaliation against our own measures. Stability of currency. Agricultural policies to mitigate the effect of the tobacco embargo.

3. The Rhodesian regime's intentions towards Zambia, especially any economic or political measures against or likely to affect that country.

4. The Rhodesian regime's relations with South Africa and Portugal (including Portuguese territories). Any measures by these to assist the Rhodesian regime including the supplies of arms or volunteers, and financial or economic assistance.

5. Position of Mr. Smith and solidarity of regime.

6. Information on any potentially significant white internal opposition - personalities, organisation, capability and aims.

7. Internal security situation and deployments of the police and armed services. Is the Government in effective control of the whole country? Loyalties of the civil service, the police and the armed forces.

8. Information on African nationalist opposition, especially ZAPU leaders, their connection with other countries, resources in trained men and arms, organisation and deployment. Anti-Government activity, especially para-military and sabotage. Assistance, especially the supply of arms and military training for Rhodesian African movements from African States and Communist countries.

9. Intentions of African States and of the O.A.U. towards Rhodesia.

10. Attempts by commercial organisations (British and foreign) to circumvent trade embargoes imposed by their Governments.

IMPORTANT

1. Any Rhodesian plans or measures to exert influence or control in Bechuanaland.

2. Relations with Malawi.

3. Rhodesian efforts to disrupt African nationalist liberation movements based on Zambia and Tanzania.

4.(a) Attempts by any residual Rhodesian representation in the United Kingdom or Rhodesian residents here who come to notice to further the cause of the regime, with particular reference to endeavours to circumvent sanctions.

(b) Attempts by the regime to establish undisclosed representatives in the United Kingdom.

5. Any attempts by the Rhodesian regime to obtain arms from countries outside Southern Africa.

6. Attitude of African Commonwealth States towards British policies.

OPPORTUNITY

Attempts by any Rhodesian representatives in other countries to further the cause of the regime with particular reference to endeavours to circumvent sanctions.

J.I.C.

25 NOV 1965

Please initial and pass quickly

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Secretary J.I.C. 5*

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Ref.: DI31/D.5/SN (Four pages and 1 map)

Date: 18th November 1965

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219/3

MINISTRY of DEFENCE

(DEFENCE INTELLIGENCE STAFF)

ZAMBIA AND SOUTHERN RHODESIA:

MAIN RAIL ROUTES, OIL AND POWER SUPPLIES

(with MAP)

A note by the Logistics Intelligence Branch

RECEIVED
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ZAMBIA AND SOUTHERN RHODESIA: MAIN RAIL ROUTES, OIL AND POWER SUPPLIES

Railway Operation

1. Since January 1964 Zambia and Southern Rhodesia have been served by one jointly owned railway system. Zambia is opposed to Rhodesian proposals to divide it into two separate national systems.

2. Traction is mainly steam (coal fired) though there are some diesel locomotives. Locomotive workshops are located in Rhodesia, as are also the source of coal supplies. Seventy-five per cent of the route mileage is in Rhodesia and Zambia's 25% depends on some hundreds of white Rhodesian railwaymen to operate it. Zambia could not replace these personnel at short notice from her own resources. However, it should be noted that, if they withdrew from Zambia, they could not all be absorbed effectively into the already fully staffed Southern Rhodesian part of the system.

Main Rail Routes Serving Zambia (see map)

3. At present, Zambia's main import/export rail route is through Southern Rhodesia and Mozambique, and the port of Beira. If this route were cut at the border at Livingstone, not only would the bulk of Zambia's imports and exports have to be re-routed, but coal supplies from the Rhodesian mines at Wankie for the copper industry would be cut off.

4. Indigenous coal production, due to start in Zambia in January 1966, supplemented initially by timber, should be adequate for the reduced railway needs. However, coal would still have to be imported for the copper industry.

5. The most suitable route for the export of Zambia's copper and the import of coal would be by rail through the Congo, and over the Benguela Railway through Angola, to the port of Lobito. This route has an immediate spare capability, over and above existing commitments, sufficient to carry about 25% of Zambia's copper exports (which are about 600,000 tons per annum) and coal imports for the copper industry (about the same tonnage). If additional locomotives, rolling stock and fuel were provided, and existing commitments re-arranged, this could be increased to 50%. This figure could be further increased to 100% over a period of 18 months by improvements to the line at an estimated cost of some £5 million. Any rolling stock provided from outside would have to be suitable for the 3'6" gauge.

6. The following additional rail routes could be made available for other essential imports, assuming that the spare capability of the Lobito route is fully used for export of copper and import of coal:

a. Dar-es-Salaam - Kigoma, thence across Lake Tanganyika to Albertville, and on by rail through the Congo.

b. Beira - Salima (in Malawi), thence by road to Zambia.

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c. Matadi - Leopoldville, thence by river transport to Port Francqui and on by rail through the Congo.

7. To sum up, it is estimated that in their present condition, and with present equipment, supplemented as far as oil is concerned by cistern wagons from Zambia diverted to the Lobito route (see para. 14), all four alternative routes could together handle at least 30% of Zambia's present railborne import and export traffic, assuming that this is not in excess of 2.4 million tons. With additional locomotives, rolling stock and fuel this could be increased to about 60%.

Rail Routes Between Southern Rhodesia and South Africa (See map)

8. There is no direct rail route across the Southern Rhodesia/South African border linking the rail systems of the two countries. There are, however, two railway connections, the first of which passes through Mozambique and is therefore subject to Portuguese control. The other rail route runs through Bechuanaland, but is owned by the Rhodesian Railways; the northern sector being operated by them and the southern sector by South African Railways.

Oil Supply

9. The requirements of Rhodesia and Zambia for refined oils are met almost wholly by a refinery near Umtali which was opened early in 1965. Aviation gasolenes and lubricating oils cannot be produced locally and the small quantities required are imported by rail from South Africa.

10. The refinery has a throughput of about 500,000 tons a year but the designed capacity is 1 million tons a year: production will be regulated to meet the average growth in consumption, which is estimated at 5% to 8% per year. Crude oil for the refinery is delivered by the pipeline from a marine terminal in Beira in Mozambique which is replenished by tanker from the Persian Gulf. The major commercial participants in the refinery are Shell, BP, Mobil and Caltex.

11. Total estimated annual consumption in Rhodesia (1964) was about 370,000 tons of all grades, averaging a figure slightly more than 1,000 tons per day; and in Zambia (1964) about 140,000 tons, averaging about 400 tons per day. Bulk oil storage capacity at depots in Rhodesia is about 58,000 tons and in Zambia about 24,000 tons. Oil reserves are normally maintained at about 30 days supply in both countries, although normally depots could sustain considerably more. Day-to-day stock levels would, of course, vary.

12. Distribution from the refinery is by railway cistern wagon to the principal oil depots, with redistribution by road tanker trucks of which there are about 125 in Rhodesia and 45 in Zambia, varying in capacity from five to ten tons.

13. Zambia is wholely dependent for oil upon Rhodesia and their joint railway system. Denial of oil supplies by Rhodesia would leave Zambia with no immediately available and adequate overland supply route. The only other existing oil supply point in Zambia is the small lakeside depot at Mpulungu on Lake Tanganyika. The extremely limited supply, storage and distribution facilities available at this place would rule it out as a practicable alternative. The Benguela Railway might eventually provide an alternative supply route although only to the extent that the spare capability of the route is not taken up for coal imports (para 6). Furthermore, the extent to which

oil handling and storage facilities at Lobito might have to be extended or modified have not been assessed. A total of 136 cistern wagons are reported to be in use, but they are believed to be fully allocated to commercial traffic elsewhere. Any cistern wagons remaining in Zambia, if the Rhodesia line were cut, could be transferred to the Lobito route. The number cannot be foreseen with certainty but it is likely that about 80 would be available. These could only sustain oil resupply at a third of the current rate over the longer Lobito route.

Electric Power for Zambia

14. Electricity supply in Zambia is dominated by the needs of the mining and industrial area which extends down the centre of the country from Chingola in the north to Lusaka in the south. Although it accounts for perhaps 5% of the territory, it consumes about 85% of the total power used.

15. Electric power is obtained from three sources; Kariba in Rhodesia - 62%; Katanga in the Congo - 11%; and local power stations - 27%. The three systems are integrated through a central switching station in Kitwi.

16. All the facilities at Kariba - power station, transformer house and switch gear - are located on the Rhodesian side of the gorge. There is a single transmission line into Zambia, but another is being built and is scheduled for completion in 1966. Practically the whole of the Zambian supply from Kariba is taken by the Copperbelt.

17. Denial of power from Kariba would reduce supplies to the industrial zone to slightly more than one-third of normal, but an early increase in supplies from Katanga to approximately double the amount now provided might be expected as was the case before Kariba was commissioned. The transmission line from Katanga and associated equipment have not since been modified and the existing contractual agreement between the two countries, which it is believed will be valid until the end of 1966, provides for an increased supply.

18. Of the 27% of Zambian requirements met locally, about 22% is generated by thermal power stations in the copperbelt, fuelled by coal from the Wankie fields in Rhodesia and about 5% by the local hydro-electric stations serving the Broken Hill area. Thus, were Zambia to be denied coal from Wankie, the loss due to cessation of the local thermal generation stations would more than exceed any foreseeable import of power from Katanga.

19. At best, therefore, assuming continuous local thermal generation and an increase from Katanga, the supplies available to the Copperbelt would represent about 53% of normal: but at worst, assuming no local thermal output, and no additional import from Katanga, they could be as low as 16% of normal.

20. An accurate assessment cannot be made of the extent to which essential services could be maintained in emergency. The mines have to be pumped continuously to prevent flooding and other safety measures would also be required were they to be placed even on a "care and maintenance" basis. Additionally, certain public utilities would have to be maintained. Old records of two mines show that flood prevention alone required about 14% of the electric power available: although this figure may not now be reliable, especially in general application, it should not be wholly discounted as a useful indication of the power required for this service.

21. In broad terms, however, essential services would appear to be assured in the best conditions mentioned above - 53% of normal supply; but in the worst - 16% of normal supply - the minimum required for the safety of the mines might not be certain in all districts.

Southern Rhodesia - Electric Power

22. The amount of the Kariba output taken by Rhodesia (about 350 MW) is equivalent to about 90 per cent of its total power requirement. The remainder is supplied from inter-connected power stations at Salisbury, Bulawayo, Gwanda, Shabani and Umniati, which are operated at very low output whilst supplies from Kariba are maintained.

23. If supply from Kariba is denied, almost normal supplies could be maintained from these stations; which have a total installed capacity of about 470 MW and are operated on coal from Wankie. Three areas which would not be affected by a shut-down at Kariba are Umtali, Chipinga and Beit Bridge - which have independent power stations.

RHODESIA & ZAMBIA - MAIN RAIL ROUTES TO COAST WITH ASSOCIATED PORTS & PIPELINES

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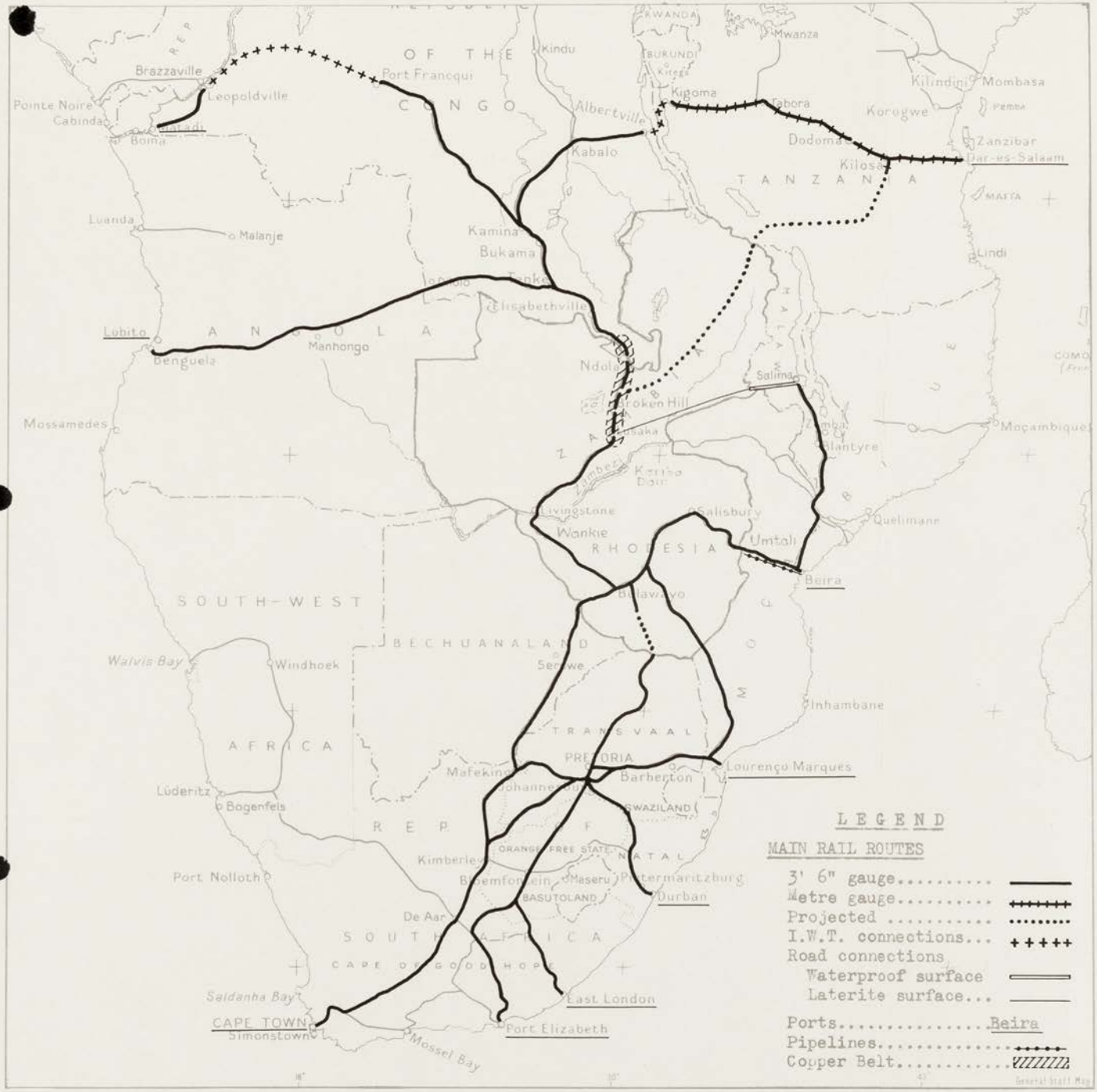

Compiled and drawn by D.I.S., November, 1965

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RHODESIA INTELLIGENCE WORKING GROUP
J.I.S.('B' TEAM)

The Working Group was set up by the Joint Intelligence Committee to provide regular assessments of intelligence about Rhodesia with special reference to the effect of economic sanctions. At the Working Group's first meeting, held at 4.00 p.m. on Tuesday, 16th November, 1965, the following decisions were taken:-

(a) Further meetings of the Working Group would be held on Tuesdays at 4.00 p.m. and on Fridays at 11.00 a.m. to prepare the assessments as required. The next meeting, however, would take place at 2.30 p.m. on WEDNESDAY, 17th NOVEMBER.

(b) Departments were invited to inform the Secretary of the names of any deputies and confirm that the latter were suitably cleared for all material likely to be discussed.

(c) Departments were invited to prepare draft assessments on subjects of direct concern to them for consideration by the Working Group.

(d) Departments were invited to consider whether any aspects of the economic situation might usefully form the basis of longer-term papers.

(e) Representatives of the economic Departments concerned would meet to compile a list of indicators which might indicate the effect of economic sanctions on Rhodesian economy and morale, together with a comprehensive list of potential overt sources of such information.

(Signed) J.M.C. VIVIAN

17th November, 1965

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JOINT INTELLIGENCE COMMITTEE

INTELLIGENCE ON RHODESIA
(Previous reference: J.I.C./917/65) - 2.

A revised version of the list of intelligence requirements on Rhodesia is attached at Annex. Changes from the original have been sidelined.

2. A suitable item has been placed on the agenda for consideration at your meeting of 18th November.

(Signed) J.M.C. VIVIAN

for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

16th November, 1965

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J.I.S.('B' Team)

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Annex to J.I.C./926/65

INTELLIGENCE REQUIREMENTS ON RHODESIA POST U.D.I.

PRIORITY

1. The Rhodesian regime's intentions and attitudes towards Britain and British interests.

2. Economic Situation. Effectiveness of economic sanctions on the Rhodesian economy and repercussions on the political situation. Rhodesian trade policy especially in respect of composition and direction of exports and imports with particular reference to attempts to evade sanctions. Fiscal and financial policies, particularly as a retaliation against our own measures. Stability of currency. Agricultural policies to mitigate the effect of the tobacco embargo.

3. The Rhodesian regime's intentions towards Zambia, especially any economic or political measures against or likely to affect that country.

4. The Rhodesian regime's relations with South Africa and Portugal (including Portuguese territories). Any measures by these to assist the Rhodesian regime including the supplies of arms or volunteers, and financial or economic assistance.

5. Position of Mr. Smith and solidarity of regime.

6. Information on any potentially significant white internal opposition - personalities, organisation, capability and aims.

7. Internal security situation and deployments of the police and armed services. Is the Government in effective control of the whole country? Loyalties of the civil service, the police and the armed forces.

8. Information on African nationalist opposition, especially ZAPU leaders, their connection with other countries, resources in trained men and arms, organisation and deployment. Anti-Government activity, especially para-military and sabotage. Assistance, especially the supply of arms and military training for Rhodesian African movements from African States and Communist countries.

9. Intentions of African States and of the O.A.U. towards Rhodesia.

10. Attempts by commercial organisations (British and foreign) to circumvent trade embargoes imposed by their Governments.

IMPORTANT

1. Any Rhodesian plans or measures to exert influence or control in Bechuanaland.

2. Relations with Malawi.

3. Rhodesian efforts to disrupt African nationalist liberation movements based on Zambia and Tanzania.

4.(a) Attempts by any residual Rhodesian representation in the United Kingdom or Rhodesian residents here to further the cause of the regime, with particular reference to endeavours to circumvent sanctions.

(b) Attempts by the regime to establish undisclosed representatives in the United Kingdom.

5. Any attempts by the Rhodesian regime to obtain arms from countries outside Southern Africa.

6. Attitude of African Commonwealth States towards British policies.

OPPORTUNITY

Attempts by any Rhodesian representatives in other countries to further the cause of the regime with particular reference to endeavours to circumvent sanctions.

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JOINT INTELLIGENCE COMMITTEE

INTELLIGENCE ON RHODESIA

As instructed at your meeting of 11th November, 1965 (J.I.C.(65) 48th Meeting, Item 2) the Working Party met at 11.30 a.m. on Friday, 12th November, 1965 to consider intelligence on Rhodesia.

2. The Working Party approved the list of intelligence requirements at Annex ad referendum. Departments are invited to send their comments to this Secretariat by 12.00 NOON on TUESDAY, 16th NOVEMBER, 1965. A final version will then be circulated for consideration at your meeting of 18th November.

3. The Working Party considered that all reasonable measures to produce intelligence were being taken but invited the relevant Departments to review their arrangements in the light of the present situation.

4. The Working Party invited the Africa Heads of Sections to meet that afternoon to assess the current situation, and to consider what additional arrangements might be necessary to provide intelligence appreciations to appropriate Departments, especially to the Cabinet Working Party on Rhodesia.

(Signed) J.M.C. VIVIAN
for Secretary,
Joint Intelligence Committee

Cabinet Office, S.W.1.

12th November, 1965.

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J.I.S. ('B' Team)

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Annex to J.I.C./917/65

Intelligence Requirements on Rhodesia post U.D.I.

PRIORITY

1. The Rhodesian regime's intentions and attitudes towards Britain and British interests.

2. Economic Situation. Effectiveness of economic sanctions on the Rhodesian economy and repercussions on the political situation. Rhodesian trade policy especially in respect of composition and direction of exports and imports with particular reference to attempts to evade sanctions. Stability of currency.

3. The Rhodesian regime's intentions towards Zambia, especially any economic or political measures against or likely to affect that country.

4. The Rhodesian regime's relations with South Africa and Portugal (including Portuguese territories). Any measures by these to assist the Rhodesian regime including the supplies of arms or volunteers.

5. Position of Mr. Smith and solidarity of regime.

6. Information on any potentially significant white internal opposition - personalities, organisation, capability and aims.

7. Internal security situation. Is the Government in effective control of the whole country? Loyalties of the civil service, the police and the armed forces.

8. Information on African nationalist opposition, especially ZAPU leaders, their connection with other countries, resources in trained men and arms, organisation and deployment. Anti-Government activity, especially para-military and sabotage. Assistance, especially the supply of arms and military training for Rhodesian African movements from African States and Communist countries.

9. Intentions of black African States and of the O.A.U. towards Rhodesia.

IMPORTANT

1. Deployments of the police and armed services.

2. Any Rhodesian plans or measures to exert influence or control in Bechuanaland.

3. Relations with Malawi.

4. Rhodesian efforts to disrupt African nationalist liberation movements based on Zambia and Tanzania.

5(a) Attempts by any residual Rhodesian representation in the United Kingdom to further the cause of the regime, with particular reference to endeavours to circumvent sanctions.

(b) Attempts by the regime to establish undisclosed representatives in the United Kingdom.

6. Any supplies of arms to the Rhodesian regime from countries outside Southern Africa.

7. Attitude of African Commonwealth States towards British policies.

OPPORTUNITY

Attempts by any Rhodesian representatives in other countries to further the cause of the regime with particular reference to endeavours to circumvent sanctions.

Economic sanctions against Rhodesia: impact on the economy. November 12, 1965-January 19, 1966. MS Cabinet Office: CAB 163: War Cabinet, Ministry of Defence, and Cabinet Office: Central Intelligence Machinery: Joint Intelligence Sub-Committee, later Committee: Secretariat: Files CAB 163/41. The National Archives (Kew, United Kingdom). Declassified Documents Online: Twentieth-Century British Intelligence, link.gale.com/apps/doc/LFQNJV561266073/GDCS?u=omni&sid=bookmark-GDCS&pg=77. Accessed 14 Jan. 2025.